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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Chrysler seeks to lure foreign shareholders, Page 19

World news

Kremlin to pull out six Afghan regiments

The Soviet Defence Ministry said that it would start withdrawing six regiments from Afghanistan on October 15 and complete the pullout by the end of the month.

Kremlin leader Mikhail Gorbachev first had announced the planned withdrawal in a speech in the Soviet port of Vladivostok on July 28.

However, Caspar Weinberger, US Defence Secretary, accused the Soviet Union of sending additional forces to Afghanistan to replace the six regiments being withdrawn, a senior US official said. Earlier story, Page 4

Kaunda warning

Zambian President Kenneth Kaunda, outlining plans to bring together politically diverse black African states in a more united front against South Africa, warned Zaire and Malawi to co-operate or face the possibility of disruption to their trade with the outside world. Interview, Page 4

US 'defector'

An American scientist and cancer specialist, Arnold Lokshin, has arrived in Moscow after defecting from the US and has been granted political asylum, the official news-agency Tass said.

Violence in Gaza

Violent disturbances have taken place in Ashkelon, the southern Israeli port town, following the second killing in 10 days of a Jew in the nearby occupied city of Gaza. Page 4

Syrian denial

Syria denied it was involved with a Jordanian on trial in London accused of trying to blow up an Israeli airliner.

German protest

West Germany protested to Iran over an attempt by hundreds of demonstrators to storm its Tehran embassy and asked for action against those responsible, the Foreign Ministry said. Page 4

Lebanon fighting

Shia Moslem militiamen and Palestinians battled for several hours after fighting flared again at a refugee camp near the southern Lebanese port of Tyre, security sources said.

600 purge deaths

Communist guerrillas in the Philippines killed 600 of their own men this year in a bloody attempt to purge the movement of informers, a senior military commander said. Page 4

Junta appointment

Chilean President Augusto Pinochet appointed Lieutenant-General Humberto Gordon Rubio, head of the anti-subversion agency, as a member of the military junta in place of Lieutenant-General Julio Canessa Robert.

Acid rain call

Norwegian Prime Minister Gro Harlem Brundtland called for measures to combat acid rain which she said had wiped out entire fish species in thousands of Scandinavian lakes. Page 8

Building stormed

Ugandan Government soldiers raided the Kampala headquarters of the opposition Uganda People's Congress party and mounted guard around strategic buildings in the capital, witnesses said.

Rembrandt found

A Rembrandt masterpiece, the portrait "Johann III de Gheyn", stolen three years ago in London was found undamaged in the left luggage office of a West German railway station at Münster.

Business summary

Fermenta to sell division in US

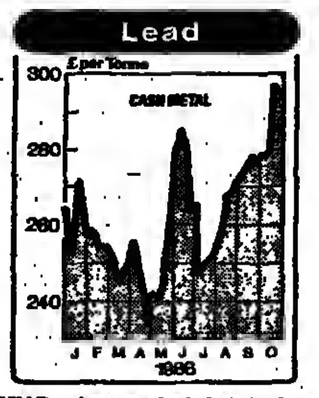
FERMENTA, Swedish chemicals and biotechnology group, is to sell its main agrochemicals operations based in the US in two deals estimated to be worth $200m. Page 18

WALL STREET: The Dow Jones industrial average closed up 19.40 at 1,803.85. Page 38

LONDON was unsettled by further consideration of this week's UK money supply figures and by the sharply sliding pound. The FT Ordinary index ended 9.2 lower at 1,248.1. Longer-dated gilts saw losses of ¾ to ⅞, while near dates were also lower. Page 38

TOKYO: Institutional investors remained hesitant, with light selling sending share prices down on a broad front. The Nikkei Dow market average closed 89.56 lower at 17,514. Page 38

Lead



LEAD prices reached their highest levels for nearly a year in London due to sterling's fall and fears of supply shortages. Cash metal was up £15.5 at £297 a tonne. Page 30

DOLLAR fell in London to DM 1.9970 (DM 2.0005); SFr 1.6270 (SFr 1.6290); FFr 6.5350 (FFr 6.55), but rose to Y154.25 (Y154.10). On Bank of England figures the dollar's index was unchanged at 109.5. Page 31

STERLING fell in London to $1.4200 ($1.4325). It also fell to DM 2.8350 (DM 2.8650); SFr 2.3100 (SFr 2.3325); FFr 9.2800 (FFr 9.3825), and Y219.0 (Y220.75). Page 31

GOLD rose $1.875 to $439.375 on the London bullion market. It also rose in Zurich to $439.375 from $437.50. In New York the December Comex settlement was 442.4. Page 30

ALLIED STORES, leading US department store group, has agreed to be acquired for more than $3.5bn by ASC Acquisition, owned by the Edward J. Debartolo group, biggest US developer of shopping malls, and Paul A. Bilzerian, Californian investor. Page 17

GELCO, which controls the world's biggest container and fleet leasing companies, has authorised an exchange offer for almost half its shares in a move to counter a bid from Coniston Partners, a New York investment group. Page 17

RAYTHEON, diversified US electronics group, has lifted profits for the third quarter to $95.3m. Page 17

SALOMON Brothers, New York investment bank, has appointed Thomas Strauss as president in a move underlining his emergence as the most likely candidate to succeed John Gutfreund, chairman and chief executive of Salomon Inc, investment banking and commodity trading group. Page 17

FIRST INTERSTATE Bancorporation, US West Coast banking group which has made an unsolicited $2.8bn takeover bid for BankAmerica Corporation, said the combination of the two groups would result in annual cost savings of more than $400m a year in two to three years. Page 17

JAGUAR cars won their largest-ever order placed by a single customer when Hanson Trust, the industrial management company, ordered about 100, worth around £2m ($2.9m).

HARRIS, US electronics manufacturer, will reduce its semiconductor workforce by 10 per cent, reflecting a continuing recession in the semiconductor industry. Page 18

UK faces test of resolve as £ dips to record lows

BY PHILIP STEPHENS IN LONDON AND PETER RIDDELL IN BOURNEMOUTH

STERLING fell sharply to further record lows yesterday as foreign exchange markets tested the British Government's resolve to hold out against a rise in interest rates during this week's Conservative Party conference.

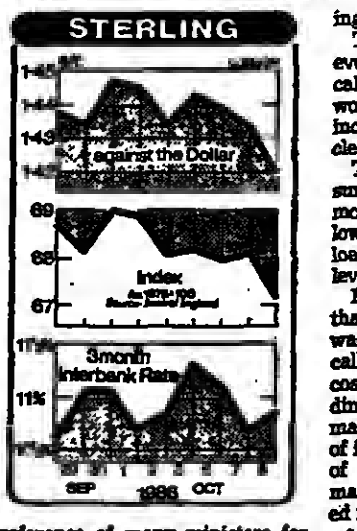
The pound's slide, in which it lost nearly 1.5 per cent of its value against other major currencies, came on the eve of today's speech to the conference by Mr Nigel Lawson, the Chancellor of the Exchequer.

Mr Lawson was noncommittal about the events in the foreign exchange markets. He said last night: "We have been this sort of thing many times before. I seldom say anything about the pound but if I do it will be tomorrow not today."

Asked earlier in the day whether he favoured taking sterling into the European Monetary System's exchange rate mechanism, Mr Lawson expressed his personal view that: "The time will come when we join. That time has not come yet". He added that nothing had changed since last week, although the position was kept continually under review.

Treasury advisers were careful to stress that nothing precise about the timing of entry, and in particular whether it would be before or after the next general election, should be read into Mr Lawson's remarks. There is no disguising, however, the preference of many ministers for entry now.

STERLING



The Bank of England, which has intervened heavily to support the pound over the past week, appeared to have offered only token resistance yesterday before deciding that, for the time being at least, it could do little to reverse the tide.

In the City of London an eventual rise in bank base rates from their present 10 per cent is now widely regarded as inevitable, barring surprise developments at this week's meeting of oil ministers from the Organisation of Petroleum Exporting Countries in Geneva.

The major clearing banks, however, indicated that, given the political sensitivity of the issue, they would not be pressing for an early increase unless they received a clear lead from the authorities.

The Bank of England has also ensured that liquidity in the wholesale money markets is sufficient to allow commercial banks to fund their loans to customers at the present level of rates without losing money.

Foreign exchange dealers said that the belief that the Chancellor was determined to avoid a politically damaging rise in borrowing costs during the conference was adding to pressure on the pound. The markets remained wary, however, of further intervention by the Bank of England and by the West German Bundesbank, which co-operated in supporting sterling last week.

Mr Lawson sought to blame the pound's latest weakness on concern in the markets about "the damage to the British economy if a Labour government is elected."

The sterling index closed in London last night at 67.1, a point lower than on Tuesday. The pound fell by 3 pfennigs to DM 2.8350 and by 1.25 cents to $1.42. The dollar, which had been buoyed by concerted central bank intervention on Tuesday, drifted lower in nervous trading.

Money Markets, Page 31; Bonn growth, Page 2

Pretoria bans recruiting of Mozambican workers

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA yesterday declared what amounts to economic war on Mozambique by prohibiting recruitment of migrant workers from that country.

At the same time, Pretoria reiterated earlier threats of cross-border military action if the Government in Maputo continues to allow the African National Congress (ANC) to operate from its territory.

The prohibition on recruitment is direct retaliation for a landmine blast which injured six white soldiers near the countries' common border on Monday.

The South African action is striking evidence of a new, aggressive mood in Pretoria where the Government now feels able to discard the constraints imposed by its efforts to avert economic sanctions by the West.

It also marks the effective end of the Nkomati agreement, signed by South Africa and Mozambique in 1984, which envisaged greater economic co-operation between the two countries.

Under the pact, Mozambique also agreed to end military assistance to insurgents of the African National Congress (ANC) while South Africa said it would cease its support of the Mozambique National Resistance (MNR).

The pact has come under increasing strain in recent months, with both sides alleging violations. In a diplomatic note sent yesterday to the Mozambique capital, Mr Pik Botha, South Africa's Foreign Minister, said Pretoria "remained committed to the accord" but most observers believe that it is now a dead letter.

In Pretoria yesterday, Mr Pik Botha, Foreign Minister, said the recruitment ban was "a result of the activities of the African National Congress and the South African Communist Party who are responsible for the continuing deteriorating security situation on the common border with the Republic."

He alleged that Mozambique's security service collaborated with the ANC in infiltrating guerrillas into South Africa.

Mozambicans already in South Africa will be allowed to complete their employment contracts, but will be repatriated and not allowed

Continued on Page 16

Decision on UK farm prices shelved by Euro-Commission

BY TIM DICKSON IN STRASBOURG

BRITAIN'S beef and dairy farmers yesterday suffered a serious setback when the European Commission failed to come forward with proposals for an effective price increase.

The Commission had been widely expected to respond at its weekly meeting in Strasbourg to Britain's recent request for a 2 to 6 per cent devaluation of the green pound, the notional currency used to translate Common Market support prices for farm produce into sterling.

However, following a similar application by the French Government early yesterday morning for a 3.3 per cent devaluation of the French green franc for beef and sheep meat, a senior Commission official announced that more time was needed to study the situation and that a decision had therefore been postponed.

The result is that, contrary to British hopes, there will be no Commission proposal on the agenda at next week's meeting of EEC farm ministers in Luxembourg. While under Community procedures the matter can be dealt with elsewhere, the chances are that it will be November at the earliest before the British demand is fully considered.

The possibility of a green pound devaluation has become a sensitive political issue in Brussels, where the Commission has already indicated its opposition in principle to such a move.

The request follows the sharp depreciation of sterling against continental currencies, the consequent drop in British farm income, and the granting of a green punt devaluation to the Irish in mid-September which London claims has created major price anomalies and increased the scope for smuggling across the border with Northern Ireland.

Commission officials, however, are privately pointing out that adjustments to green currencies should be confined to the annual price fixing package, due to be agreed by next April, and that the inflationary consequences and the additional cost to the Community budget are undesirable side-effects. It is also known that the West Germans are fiercely opposed to the competitive implications of a British devaluation.

The French request, meanwhile, is partly designed to offset the boost to Irish beef exports to France provided by the green punt devaluation – and partly to placate the country's increasingly restive lamb producers.

Frustrated by exceptionally low prices and an attractive regime for importers, French sheep farmers this week showed their anger by attacking a consignment of British lamb.

A devaluation of the French franc would immediately increase the lev-

Continued on Page 16

Eurobond issued by Elders for Courage purchase

By Charles Batchelor and Clare Pearson in London

ELDERS IXL, the Australian brewing group best known for its Fosters lager, has completed the financing of its £1.4bn ($2bn) purchase of Courage, Britain's sixth largest brewer, from Hanson Trust, the industrial management company, just under three weeks after announcing the deal.

Elders yesterday issued a $460m multi-currency Eurobond which is convertible into the company's shares. It has also arranged for a syndicated bank credit to meet the balance of the purchase cost with a consortium of 22 banks, including three from Britain.

The company's first attempt to break into the UK brewing market, a £1.8bn takeover bid launched last October for Allied-Lyons, the food and drinks group, provoked a storm of controversy because of the large amount of borrowing required. It led to a Monopolies and Mergers Commission enquiry.

The Allied bid, which was dropped last month in favour of the purchase of Courage, was partly financed by a group of eight foreign banks. These banks, a number of Australian and Asian banks which backed Elders in its recent purchase of a cross shareholding in Broken Hill Proprietary, the Australian mining group and the three unnamed British banks will finance the Courage deal.

The Eurobond is one of the largest Euroconvertible bond issues yet, and Elders said yesterday it had chosen to issue in four different currencies to ease its acceptance by the market. All four dollar, sterling, Swiss franc and D-Mark tranches were well received yesterday and traded at or above their par issue prices.

The 12-year issue consists of a $175m, a £40m, a SFr 200m, and a DM 300m bond with indicated coupons of 5¼ per cent, 8 per cent, 2½ per cent and 3 per cent respectively. The bonds will be convertible into 122m shares, representing about a 30 per cent dilution of Elders' current equity.

A conversion price at a premium of about 20 per cent over the company's share price will be fixed when the deal is priced next Wednesday. Yesterday the shares closed at A$4.98.

Credit Suisse First Boston is leading the dollar and sterling tranches, while its German subsidiary, CSFB-Effektenbank is leading the D-Mark issue and Credit Suisse the issue in Switzerland. Hoare Govett and Hill Samuel are co-leading the sterling tranche.

Bonds column, Page 20

Shultz official quits over 'disinformation'

BY LIONEL BARBER IN WASHINGTON

A TOP US State Department official resigned yesterday over reports about the Washington Government's manipulation of news media at home and overseas in attempts to destabilise Col Muammer Gadaffi, the Libyan leader.

Mr Bernard Kalb, appointed by Mr George Shultz, the Secretary of State, two years ago to be his chief spokesman after a career in television news, said reports that there had been a deliberate disinformation campaign had damaged the credibility of the US.

The timing of Mr Kalb's resignation is embarrassing far President Ronald Reagan as he prepares for the forthcoming pre-summit talks with Mr Mikhail Gorbachev, the Soviet leader, in Iceland.

The controversy over the alleged disinformation campaign broke last week when Washington Post reporter Mr Bob Woodward wrote a detailed story saying that the US Administration had launched a secret effort to deceive Col Gadaffi into believing he was about to be attacked a second time by US bombers and perhaps ousted in a coup.

Later a story appeared in the Wall Steet Journal suggesting that the Reagan Administration was on a collision course with Col Gadaffi, and this story was subsequently pronounced authoritative by Mr Larry Speakes, the White House spokesman.

Mr Kalb told a press conference that he was dissenting from the reported disinformation programme, but he did not confirm whether such a programme existed. "I do not want my own credibility to be caught in this controversy," he said.

Mr Kalb described Mr Shultz as a man of integrity, but when he accepted his post at the state Department he had been told by Mr Schultz that the guidelines involved "no lies . . . and to be as forthcoming as possible within security constraints."

Administration officials, including Mr Shultz and Mr Donald Regan, the White House Chief of Staff, have denied that there was any attempt to mislead the US media, but other officials have suggested that it was "fair game" to issue misleading reports to the foreign media. Both Mr Shultz and Mr Regan have made no secret in public statements about their desire to see Col Gadaffi ousted.

US newspapers have criticised strongly the Reagan Administration over the past week over the alleged disinformation campaign which was originally drawn up by the National Security Adviser Mr John Poindexter, according to the Washington Post report. Officials have conceded privately that White House credibility in dealing with the media has been severely damaged

French consensus on terrorism split

BY DAVID HOUSEGO IN PARIS

THE FRENCH national consensus on the handling of terrorism broke apart yesterday when the Socialist party launched an attack on the Government over the issue in the National Assembly.

In a noisy emergency debate, Mr Lionel Jospin, the Socialist Party secretary, challenged the Government's claims to have refused negotiations with the Lebanese Armed Revolutionary Faction believed to have been responsible for the recent explosions in Paris.

He called on Mr Jacques Chirac, the Prime Minister, to explain why there seemed to have been a truce between May – when the Government was alerted to the threat of new attacks – and September when the truce was apparently broken with the first bomb explosions.

Directing his questions at the apparent contradictions and inconsistencies in the Government's explanations, he asked why ministers had successively implied that the terrorists had been supported by Syria (without explicitly naming the country), from its secret services, and from other terrorist groups based in France.

Mr Jospin asked why, if Syria was involved, the Government had also sought its assistance in sending Mr Michel Aurillac, the Minister of Co-operation, to Damascus.

He also implicitly accused Mr Chirac of undermining the position of the French troops in the Lebanon by letting it be known in the summer that he favoured their withdrawal from the Unifil force.

Mr Jospin was heckled from the government benches and eventually had his speech cut short by the Speaker as it ran over time. Mr Robert Pandraud, the minister in charge of security, immediately rose to accuse the Socialists of hav-

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France and Britain agree on arms collaboration effort

BY DAVID BUCHAN IN LONDON

BRITAIN and France have agreed to start a new arms collaboration effort off by placing naval electronics contracts worth £10m to £11m ($14m to 15.7m) with each other's industry.

The British Defence Ministry has ordered a new system for remote-controlled mine disposal from Societe ECA of France in partnership with Honeywell Leafield of the UK, while the French Defence Ministry has confirmed its choice of Racal-Decca radars for the French navy.

The orders "are not formally linked," according to a UK Defence Ministry statement, but "reflect the readiness of each country to purchase products originating in the other when they offer the most cost-effective solution to defence requirements."

They appear to be the first fruits of last month's talks between Mr George Younger, the British Defence Secretary and Mr Andre Giraud, his French counterpart, during which the two men discussed possible Anglo-French development of new surface-to-air guided missiles and shipborne and airborne radars.

This is quite separate from the current joint Anglo-French evaluation of the Awacs and Nimrod alternatives to meet the two countries' airborne early warning needs.

In recent years, Britain has tended to collaborate much more actively with West Germany, Italy and smaller European countries, with France standing aside – a pattern most recently repeated in the development of the European Fighter Aircraft (Efa).

France – particularly with the advent of a conservative government – is now showing greater interest in joint arms development.

British officials attribute this apparent French change of heart to a variety of factors: budget stringency, generally poorer prospects for arms exports on which the French defence industry had been so dependent, and a recognition that technological advances put a purely national arms effort – especially in electronics – under growing strain.

Survey shows increase in illegal use of drugs

HARD DRUGS ABUSE is on the increase throughout Europe, from the Urals to the North Sea and from depressed inner city areas of Britain to street-side cafes in Madrid and Rome, according to a recent survey, Reuter reports from Brussels.

Official figures reveal that in some parts of Western Europe more than 10 per cent of secondary-school children have experimented with illegal drugs and that in the past two years the number of registered addicts has increased by as much as 25 per cent.

More alarmingly, however, drug experts warn that the real figures could be five to 10 times higher. They point to an ominous increase in customs seizures and say recent large hauls reveal the true extent of the problem.

In Spain, a key entry country for cocaine because of close commercial links with Bolivia and Colombia, police seized 5,638 kg in the first six months of this year, compared with 3,584 kg in the same period last year.

In Britain, drug seizures and arrests hit record levels in 1985 with 30,500 seizures – including 365kg of heroin and 85kg of cocaine. Some 26,000 people were found guilty of or cautioned for drug offencies.

The average age of offenders was 26, although the number of under-17s quadrupled from 200 to 800.

Even in the Soviet Union – which for years has depicted illegal drugs use as a Western social ill – media reports have disclosed a growing problem.

Mr Boris Yeltsin, a junior Politburo member, recently put the number of registered addicts in Moscow alone at 3,700, whereas only two years ago official Soviet figures put the total number in the whole country at a mere 2,500.

The expected imminent arrival in Europe of "crack" – in which cocaine is mixed with baking powder and water to create pellets which are then smoked in pipes or cigarettes – has led to fears of a "drugs explosion."

Kuwait hard line may deadlock Opec talks

By Richard Johns in Geneva

KUWAIT'S continued insistence on renegotiation of output quotas among member states of the Organisation of Petroleum Exporting Countries yesterday looked as if it could bring about total deadlock at the ministerial conference here.

The hard line stance taken by the Gulf producer was spelt out clearly by Sheikh Ali Khalifa al Sabah, Minister of Oil, in the Kuwaiti newspaper, Al Watan.

He said that Kuwait's adherence to the interim pact aimed at limiting collective production to about 16.8m barrels a day (b/d) which was agreed here early in August to cover September and October, lasted only until this month. Thereafter, Kuwait would return to the free-for-all if it was not accorded a bigger share.

Asked here, whether his statement was meant primarily for domestic consumption, Sheikh Ali said bluntly "This is our position."

Saudi Arabia is also seeking a change in the sharing system but Sheikh Ahmed Zaki Yamani, its chief delegate, has not climbed out on a limb in the way his Kuwaiti counterpart has.

Denial over Cyprus

Turkey yesterday denied Greek charges that it had reinforced its troops in northern Cyprus, saying they were "completely unfounded and lies," Reuter writes from Ankara. Mr Karolos Papoulias, the Greek Foreign Minister, had said on Tuesday that in the past eight months Turkey had increased the number of its troops in the northern part of Cyprus by 9,000 men to a total of 35,000.

EEC aid for Haiti

Haiti will get Ecu 4.85m (£3.5m) in emergency aid from the European Community the EEC Commission said yesterday, Reuter reports from Brussels. The aid is to help ease the consequences of extreme poverty and unemployment during what it describes as a crucial period in the country's history.

Yugoslav exodus

The flight of ethnic minorities from Yugoslavia's troubled province of Kosovo continues in the face of violent harassment from the Albanian majority, the Belgrade daily Vecernje Novosti said yesterday. Reuter reports from Belgrade. The newspaper said the minorities had suffered a wide array of crimes including arson and rape despite government efforts to restore order to the region.

Pesticides kill birds

Pesticides killed some 30,000 migratory birds near a Mediterranean wildlife sanctuary south of Seville, Andalusia's regional government said yesterday, Reuter writes from Seville. Tests showed the birds were poisoned by a highly toxic phosphorous-based pesticide forbidden by the Ministry of Agriculutre.

Robert Mauthner analyses prospects for agreement at the Reykjavik summit

Super-power gulf no longer unbridgeable

PRESIDENT Ronald Reagan has done his best to discourage expectations that his summit meeting with Mr Mikhail Gorbachev, the Soviet leader, in Reykjavik this week-end will result in any major new agreements.

It will be no more than "a pre-summit planning session," the President has said. "Iceland is a base camp before the summit."

One can understand Mr Reagan's caution, but with the eyes of the whole world on Reykjavik, it would be foolish to suppose that the leaders of the two superpowers can meet without being able to produce something substantial at the end of their two days of discussions.

No agreements will be signed or sealed at Reykjavik, but neither Mr Reagan nor Mr Gorbachev can afford to end their summit without a clear indication that they have made progress towards solving at least some of the problems on the table.

The assumption must be that they will agree on new guidelines to their nuclear arms control negotiations in Geneva, which will enable the latter to come up with at least a partial agreement in time for the proposed full US-Soviet summit, due to be held in the US at a date yet to be fixed.

Both sides are agreed that the most promising area for such an agreement in principle in Reykjavik, to be translated into something more concrete in the coming weeks, is that of the so-called Intermediate Nuclear

Forces (INF) in Europe: land-based nuclear armed missiles and Asia, embracing Soviet SS 4, SS 20 and US Pershing II and ground-launched cruise missiles—the so-called "zero-zero option." At the latest count, the Soviet side has deployed more than 500 SS 4s and SS 20s with triple warheads, while the US has deployed some 240 single war-head Pershing and cruise missiles, about half the ultimate and aircraft with a range of 1,000 to 5,500 kms.

Ideally, the US would like to see the elimination of all longer range INF weapons in Europe target of 572 laid down in Nato's twin-track decision of 1979.

Failing any immediate prospects of reaching agreement on the US proposal, both sides have recently shown themselves prepared to conclude an interim arrangement, which would reduce the warheads on each side in Europe and Soviet Asia to an equal number.

The figures which are currently being talked about in the Geneva negotiations are a reduction of medium-range missiles in Europe to 100 warheads on each side. At the same time, Moscow would be permitted to deploy 100 SS 20s in Asia, while the Americans could retain the same number of cruise missiles in the continental US.

An agreement on these lines has been facilitated by the abandonment by Moscow of the demand that the British and French nuclear forces should be included in the calculation of missiles and warheads on the western side.

But as far as the US and its Western allies, particularly West Germany and Britain, are concerned, any agreement on INF would have to be complemented by a similar pact on short-range nuclear weapons with a 500 to 1,000 kms range. The Germans, in particular, feel vulnerable to the Soviet SS 21, 22 and 23 missiles in this category.

While an agreement in principle on medium-range systems is considered to be a distinct possibility, there is less likelihood of a breakthrough in Reykjavik on strategic nuclear arms—those with a range of more than 5,500 kms.

At their 1985 Geneva summit, President Reagan and Mr Gorbachev agreed in principle on a 50 per cent cut of these weapons, a proposal formally tabled by the US in November 1985. The Russians replied with their own proposal last summer under which equal ceilings of 1,600 launchers and 1,800 warheads would be laid down—considerably less than the full reduction of 50 per cent agreed by the two leaders in Geneva.

Lately, the two sides have moved closer together and an interim agreement involving cuts of about 30 per cent in strategic missile warheads now looks much less remote than it did only a few months ago.

It is hardly conceivable, however, that Moscow would agree to any cut in strategic weapons until it is satisfied that President Reagan is prepared to shelve, or at least greatly delay the introduction of his plans for a space-based defensive system (SDI).

In spite of all President Reagan's protestations that he will never abandon SDI, the first indications of a compromise on this sensitive issue have already appeared and could be fleshed out at Reykjavik. President Reagan has proposed to Moscow that no space-based defence system should be deployed for seven-and-a-half years while the Soviet Union has demanded a delay of 15 years. Though big differences also remain on what developments and tests would be allowed during these periods, the gulf between the two sides no longer appears totally unbrigeable, as it once did.

LIMITED EXPECTATIONS IN MOSCOW

Mr Victor Afanasyev, the editor of the Soviet Communist Party daily Pravda, said yesterday that "concerns, worries and apprehensions" were equally balanced with hopes for a successful outcome of the summit in Reyjavik, Patrick Cockburn reports from Moscow.

Mr Afanasyev, a member of the Communist Party Central Committee and a close supporter of Mr Mikhail Gorbachev, the Soviet leader, wrote yesterday in Pravda that despite talks at foreign ministerial, expert and other levels "there had been no progress on the key directions of world politics."

"The White House does not intend to abandon its Star Wars programme and embarks on a policy of undercutting the Salt-1, Salt-2 and ABM treaties without terminating nuclear testing."

The tone of his article indicated that Soviet expectations for the Reyjavik meeting were limited. Mr Afanasyev said the aim of the working meeting was to "hammer out precise instructions/directives to ensure progress on the issue of nuclear arms."

Reyjavik was a political maturity test for the Soviet and American leaders, Mr Afanasyev said. It was possible, nevertheless, that it might lead to a thaw in the cold war between the US and Soviet Union, he said.

Bonn holds to 3% growth forecast despite worries over exports

BY DAVID MARSH IN BONN AND ANDREW FISHER IN FRANKFURT

THE West German Government is sticking to its forecast of around 3 per cent economic growth next year. This is in spite of growing complaints from export-orientated industrial companies about the effect on orders and activity of the sharp fall in the dollar.

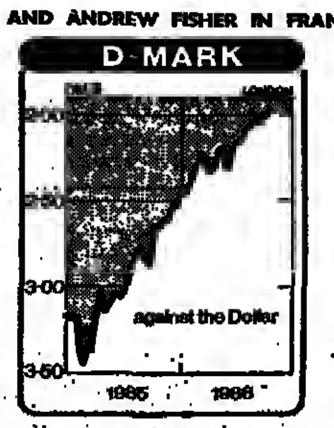
Renewed expressions of optimism in Bonn over the economic outlook coincide with today's fortnightly meeting in Frankfurt of the policy-making council of the Bundesbank, the West German central bank.

The West Germans came under renewed pressure from the US at the annual meeting of the International Monetary Fund in Washington last week to take stimulatory monetary and fiscal action to boost world economic growth prospects.

But with German officials openly saying that such pressure could have a counter-productive effect on German economic policy-making, today's Bundesbank meeting is not expected to lead to any cuts in the central bank's key interest rates.

The Discount rate of 3.5 per cent and the Lombard rate of 5.5 per cent have remained unchanged for months in spite of West Germany's move since the early summer to negative annual inflation.

The Bundesbank's concern over too sharp a fall in the dollar was signalled by its lead-



ing role in concerted European central bank intervention to brake the US currency's decline on Tuesday. But it is also worried about accelerating German money stock—the yardstick used by the Bundesbank to measure inflationary potential in the economy—which has been growing at roughly twice its target this year.

Yesterday the Bundesbank failed to intervene openly at the midday fixing session in Frankfurt when the US currency was set at DM 2.0024 against DM 2.0108 on Tuesday.

A spokesman for the Economics Ministry in Bonn said the fall in the dollar merited "attention, not concern" and said the ministry was sticking to the expectation of growth of around 3 per cent next year, the same as this year's target figure.

German industrial managers are tending to react to the dollar's decline with a shrug of the shoulders rather than a wringing of hands. International economic officials say the German economy should be less hit by the dollar's drop than Japan, where exporting companies have been suffering from the steeper rise of the yen.

One large industrial company to voice concern about the dollar is AEG, controlled by Daimler-Benz. AEG, a leading electronics group, said turnover growth had been held back by the dollar's fall and that German industry would have to meet the consequences of the currency changes.

For this year, industry has been able to adjust to the currency swings through hedging contracts. But this will not provide protection next year, said Mr Heinz Duerr, chief executive of AEG. "The dollar rate is having a strong impact," he said.

If German companies were also faced with a large wage claim and demands for shorter working hours, "it will be really difficult for German industry." With the D-mark rising 27 per cent against the dollar since last year and 12 per cent against sterling, AEG managed only a 1 per cent rise in turnover in January-August this year to DM 6.6bn.

Single European Act fears dismissed by Euro-MP

BY TIM DICKSON IN STRASBOURG

A LEADING British Conservative member of the European Parliament yesterday dismissed fears that changes in EEC decision making procedures threaten British sovereignty.

Mr Christopher Prout, a former constitutional lawyer and chief whip of the European Democratic Group (mainly composed of UK Tories), claimed that new powers for the European Parliament as outlined in the Single European Act, "actually increase democracy and return power to the European people."

Mr Prout was directly refuting remarks made on Tuesday by Lord Denning, who said among other things that a UK government bill enabling the EEC reforms to be put into effect jeopardises the position of the Queen.

The Single European Act, which was the product of an intergovernmental conference in September last year, is an effort to streamline the often cumbersome administrative procedures of the Community. It provides in certain situations for more majority voting by the Council of Ministers, and introduces a new "co-operation procedure" which gives the European Parliament the right to a second reading of EEC legislation and in theory at any rate more influence over the content of Community directives.

The Single Act, however, must first be ratified by the national parliaments of the 12 EEC member states—a process which it is hoped to complete by January 1, 1987 and which is considered to be little more than a formality except in Bonn and (possibly) London.

Mr Prout argued yesterday that Lord Denning's concern should have been expressed in 1973 when Britain first joined the Community. At that time, he said, there was a transfer of sovereignty in the sense that every time the Council of Ministers adopted a proposal, responsibility for its implementation was surrendered to the European Commission as the Community's executive authority.

Mr Prout maintains that there is nothing in the Single Act which removes the so-called "Luxembourg compromise"—the 1966 agreement which enables an individual state to block decisions where key questions of national interest are at stake.

MEPs discussed two reports tabled by committees yesterday which called for more European Parliament influence in the EEC decision making. Mr Prout pointed out that significant opportunities already lie in the Single Act but that these can only be grasped if "MPs bury their political differences and act together as an institution against the power of the council."

PROFILE OF BRUNO VISENTINI

Politician of independent thought

BY JOHN WYLES IN ROME

TO BE JUDGED a politician "to the right of the left and to the left of the right" is a recipe for oblivion in some countries where, as Mrs Margaret Thatcher has observed, the middle of the road is where you get run over.

But this position in Italian political geography has been safely and comfortably occupied for many years by Mr Bruno Visentini who, on Tuesday disappointed some of his countrymen and cheered others by announcing that his ministerial career will expire with the present Craxi Government next spring.

The dismayed will certainly outnumber those welcoming the news because, at 72, Mr Visentini is one of the few remaining specimens of an extinct political breed: a politician of independent thought and action whose life has never been exclusively dedicated to politics.

A patrician lawyer from the Veneto whose high forehead and beak-like nose would have graced any Roman coin, Mr Visentini's life draws together some of the important threads of post-war Italian political and industrial history.

In his youth a resistance fighter and Fascist prisoner, for more than 20 years, from 1950-1972, he was vice-president of the huge industrial and banking state-holding group, IRI, whose organisation and power expanded in step with the country's post-war recovery and development.

Respected and always on comfortable terms with the titans of Italian industry such as Agnelli and Pirelli, Mr Visentini took charge of Olivetti as its president from 1964 to 1974 and is credited with having laid some of the foundations for the company's current successes.

Mr Visentini: patrician lawyer

A mature entrant into elective politics, he became a Republican deputy in 1972, he was none the less, vice-president of Confindustria, the employers' organisation for six months in 1974, before undertaking his first spell as Minister for Finance in the fourth Aldo Moro government between 1974 and 1976.

A Budget Minister in the late 1970s and again Minister of Finance since August 1983, Mr Visentini has long been an expert on the Italian tax system and has consistently argued the case for reform.

Typically, it was at a union gathering on Tuesday at which he was arguing the case against the swift introduction of a wealth tax that he revealed that he now felt too old to assume another ministerial portfolio after the projected demise of the Craxi Government next spring.

Though a reformer, Mr Visentini has disappointed some of his supporters by his rejection of wholesale tax reform a la Reagan in favour of small steps. The landmark of his present tenure, more in the nature of a giant stride, was the so-called Visentini Law which successfully overcame clamorous opposition to bring independent businessmen and tradesmen more securely within the tax gathering net.

The strength he displayed in this bloody battle derived from a granite-like independence which he has shrewdly attributed to the fact that he is not dependent on politics for a living.

A great weakness of Italian politics, he once said, is that too many politicians "must survive politically at all costs in order to live."

This carefully aimed shot at the Christian Democrats drew returning fire yesterday when one of their leaders observed that Mr Visentini's departure would be an end of a phase in Italian economic history, "not an end to economic life."

He has had his setbacks, though he would deny disappointment. Six years ago he was talked of as the first non-Christian Democrat Prime Minister — that honour went to his fellow Republican Mr Giovanni Spadolini — or as the next president of the Italian central bank.

And he will undoubtedly be leaving ministerial office amid the sound of gunfire. The Italian tax system is still a mess and Mr Visentini has always maintained that improvement can only be achieved with a transformation of its administration.

But on this front his steps have been so tiny as to be indiscernible. Some observers are saying that now is the time to pass on the baton, providing it is to a man able to share Mr Visentini's faith in Italy's ability to continue to progress "depending on what we succeed in doing day by day."

Sweden likely to spend more on defence

Swedish opposition politicians said yesterday the chances of agreement on higher defence spending in the next five years had improved with the ruling Social Democrats' willingness to compromise, Reuter writes from Stockholm.

Prime Minister Ingvar Carlsson said at the opening of Parliament yesterday that Sweden's policy of neutrality "must be supported by a strong and all-round defence." He added that there should be broad political agreement on the defence programme due to be approved later this autumn.

"It is good that Carlsson stressed so strongly that he wants unity on the defence issue," Mr Bengt Westerberg, the Liberal leader, told reporters.

The Swedish military, embarrassed by foreign submarine violations of territorial waters, has complained of insufficient resources

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Political change has overtaken economics, reports **Patrick Cockburn**

Gorbachev targets party reform

MR MIKHAIL GORBACHEV, the Soviet leader, goes to the Reykjavik summit at a moment when his efforts to reform the political and economic management of the Soviet Union have reached a critical stage.

The target of his reform plan has changed since last year. The emphasis over the last three months is no longer on reorganising the economy but on restructuring the Communist Party, of which Mr Gorbachev is General Secretary.

The extent to which Mr Gorbachev wants to see the Communist Party democratised is unclear but be has said enough to cause disquiet among officials who fear they will lose their jobs or that the institutions for which they work will lose power.

While the Western media has concentrated almost exclusively on the Daniloff affair and US-Soviet relations over the last six weeks, Soviet citizens have watched their television sets and read the Communist Party daily Pravda with astonishment as Mr Gorbachev in tours of the country bas attacked the Soviet political establishment as undemocratic, exclusive, incompetent and accused it of secretly sabotaging reform

During a tour of the north Caucasus area last month Mr Gorbachev mad a speech in the city of Krasnodar in which he said the restructuring of the economy could not succeed unless there was "a democratisation of our socieyt at all levels." He ettacked Soviet leaders who rely on "administration by injunction, on giving commands, on the issuing of orders."

Mr Gorbachev's criticism of the way the political system is run is now very radical indeed, much more so than most middle-ranking party and state officials expected or wanted when be became leader 18 months ago. "We must not have individuals who cannot be touched, we must not have circles beyond our control," Mr Gorbachev said.

He has repeatedly returned to the theme that many of those making formal obeisance to economic reform, democracy and decentralisation have not changed at all. Taking a specific example, Mr Gorbachev said

> He has the Politburo and Central Committee secretariat behind him—but it is not clear how close behind him

that the top Communist Party official in Kurgan province in Siberia bad delivered a sharply critical speech on the local state of affairs.

When published in the local press, however, 30 major cuts had been made in the speech leaving it bland and uncritical. "So it turned out in Kurgan that there existed two types of information—one for the narrow circle, and the other fo everyone else. One set of laws for some and another set of laws for others," said Mr Gorbachev.

This pledge to change the elationship between the ruling Communist Party and Soviet society has created a mood of edginess and unease in Moscow. Nobody knows how far Mr Gorbachev's rhetoric will be transformed into reality. He himself pointed out that heavily publicised experiment in new decentralised management methods introduced three years ago at the Ministry of Heavy Machine Building had remained a dead letter.

In his attack on party privilege end commitment to greater democracy, Mr Gorbachev has the Politburo and Central Committee secretariat behind him—but it is not clear how close behind. No other full member of the Politburo has been as radical as Mr Gorbachev. Mr Yegor Ligachev, his number two in the Politburo, makee speeches on economic change which are far more conservative in tone.

A problem ie that Mr Gorbachev has raised political and economic expectations. The economy is not doing badly — the growth rate in the first eight months of the year was 5.2 per cent against a target for 1986 of 4.3 per cent — but the campagn for greater openness has made people more conscious of the failings of Soviet society.

Mr Gorbachev's leadership is not in danger but be has had some bad luck over the last six months: the disaster at the Chernobyl nuclear power plant in April, the death of 398 people aboard the Admiral Nakhkimov cruise ship in the Black Sea in August and now the sinking of a nuclear submarine in tha Atlantic.

A demonstrable achievement such as e successful outcome of the Reykjavik summit would therefore be useful to him at home, but this is unlikely to affect the Soviet stance during the negotiations. The divisive issues within the Soviet leadership are the proposed reform of the Party and the management of the economy. On foreign policy there is a large measure of consensus.

The economic benefits of a curtailment of the arms race, often mentioned as a central motive for Mr Gorbachev's campaign to reduce the development of nuclear weapons, would also take a long time to make themselves felt. In any case the aim of the talks with President Reagan is to limit nuclear arsenals which are cheap compared with the conventional weapons which dominate both US and Soviet defence budgets.

What institutional pressures from within the Soviet Government are acting on Mr Gorbachev as be goes to Iceland? The Foreign Ministry under Mr Eduard Shevardnadze and the Communist Party Central Committee Secretariat looking after foreign affairs under Mr Anatoly Dobrynin, former Soviet ambassador to Washington, bave both functioned very smoothly to resolve the Daniloff affair and to arrange the pre-summit summit. The Foreign Minietry has been one of the quickest Soviet institutions, perhaps because of its small size, to remould itself in Mr Gorbachev's image.

The Soviet military may be less heppy, but this ia impossible to know. Marshal Sergeui Akhromeyev, the Chief of Staff, has said there is a military cost to be paid for the unilateral Soviet nuclear test ban, but that it is outweighed by the political gains.

The military also has a stake in the success of Mr Gorbachev's economic reforms. Marshal Nikolai Ogarkov, the former Chief of Staff, argued that nuclear weepons were now so diverse and powerful that a first strike was not militarily feasible. He said that what was really changiog in modern warfare was high technology conventional weapons. He urged the Soviet Union to keep np.

The agreement most likaly to be reached in Reykjavik or at a full summit in Washington would cover intermediate nuclear weapons in Europe. The Pershing 2 and cruise missiles in Western Europe and the SS-20 Soviet missiles are all peripheral to the main nuclear arsenals on both sides.

Mr Gorbachev is likely therefore to face much less opposition from the Soviet military to their reduction or ellimination than he wonld to cnts in the Soviet intercontinental ballistic missile (ICBM) force, the backbone of the Soviet deterrent.

Mr Gorbachev's position at Reykjavik is much less inhibited by special interest groups than President Reagan's but it will be influenced by a general Soviet fear, both at official and popular levels, of appearing weak.

"We speak softly to people abroad. Do wa perbaps speak to them too softly?" asked a man in the crowd when Mr Gorbachev was in Krasnodar.

Belief that Mr Gorbachev was being too conciliatory to the US would certainly damage hie position at home mnch more than failure to agree a full summit meeting in Washington later this year or next.

Mr Gorbachev . . . influenced by Soviet fear of appearing weak.

Setback predicted for Denmark's 'economic miracle'

BY HILARY BARNES IN COPENHAGEN

THE DANISH "economic miracle" which has included an 11 per cent increase in employment since 1982—and a decline in unemployment from ebout 11 per cent to 8 per cent of the labour force over the same period—may begin to look a little tarnished next year.

After four years of rapid growth, the Economy Ministry yesterday forecast a setback in 1987, with the gross domestic product increasing in real terms by less than 1 per cent and unemployment beginning to rise again.

But the slow-down will also bring ebont an improvement in the current balance of payments deficit. The government economists say that a record deficit of DKr 32bn (£3bn) this year, about 4.6 per cent of gross domestic product, will fall to about DKr 22bn next year.

Domestic demand, rising by 4½ per cent in 1986, wiil decline by a half of a per cent next year.

Private consumption, influenced by savings incentives and penalties for consumer borrowing announced on Tuesday, will increase by only 1 per cent next year, while business investment will fall by 5 per ceut after three years of extremely rapid increase.

The government expects that exports of goods and services in real terms will rise next year by 3½ per cent, or roughly in line with market growtb. Imports, which rose in real terms by almost 8 per cent in 1985 and over 8 per cent this year, will decline by 2 per cent.

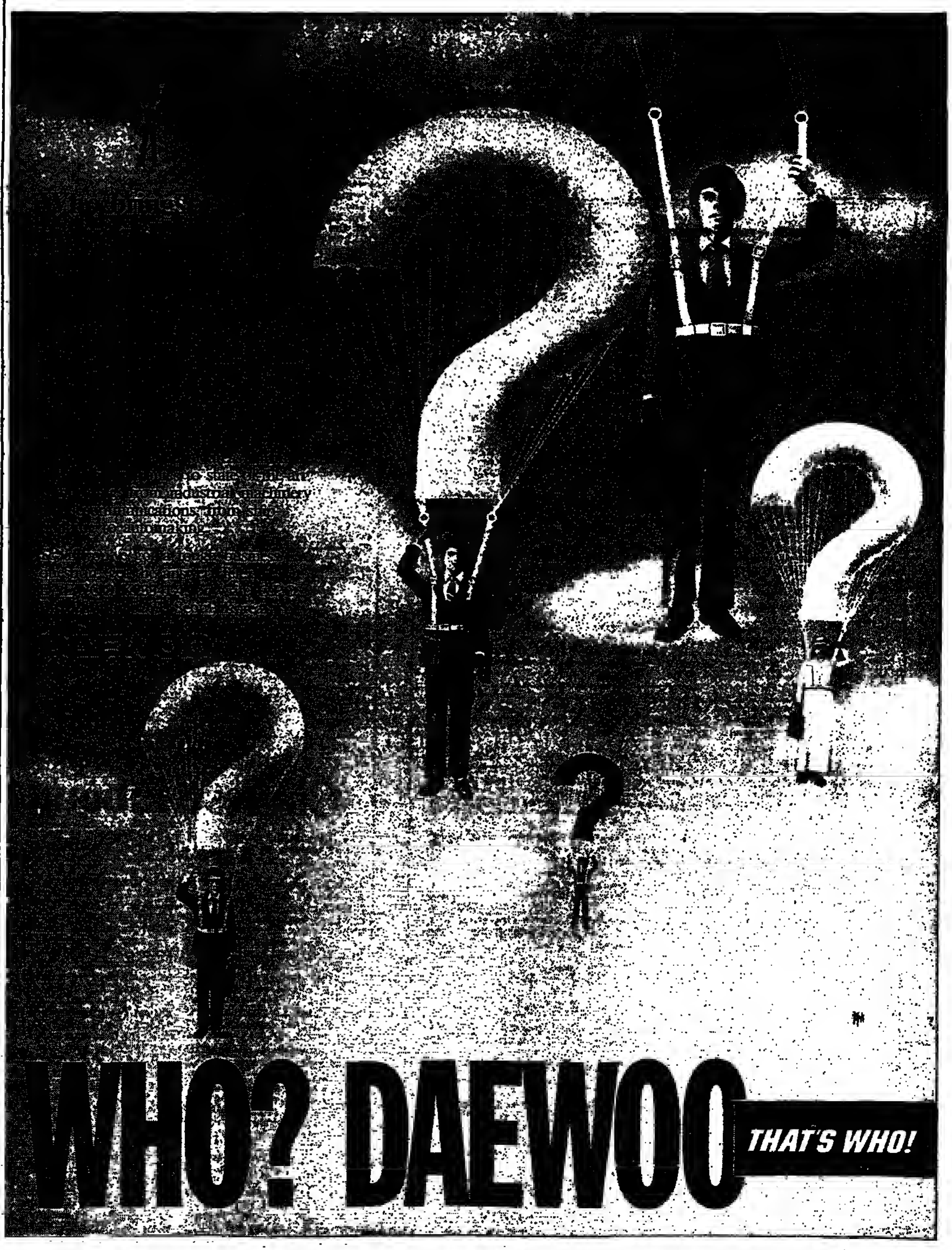
The survey includes no inflation forecast. Consumer pricee this year will rise by about 3½ per cent, but, the survey points ont, developments next year will depend on the outcome of the collective wage bargaining in both private and public sectors.

Greece 'must persist in effort to cut inflation'

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE MUST persist in its efforts to rednce inflation and its balance of payments deficit and be more consistent in applying business regulations, if it bopes to ettract American investment, Mr Costas Simitis, the Greek Economy Minister said yesterday at the end of a 10-day visit to the US.

The minister beld meetings with US government officials and businessmen to promote American investment in Greece and ettract back American tourists, after a series of terrorist attacks in the Mediterranean.



Victor Mallet in Lusaka talks to Zambia's president on plans for bolstering black African unity

Kaunda warns Zaire and Malawi of trade disruption

DR KENNETH KAUNDA, Zambie's President, yesterday outlined plans to bring together politically diverse black African states in a more united front against South Africa, and warned Zaire and Malawi to co-operate or face the possibility of disruption to their trade with the outside world.

In an interview with the Financial Times, Dr Kaunda also sharply criticised Western governments for their reluctance to impose economic sanctions on South Africa, although be acknowledged that the dependent economies of the region would suffer. Turning to international economic conditions Dr Kaunda said industrialised nations were not paying fair prices for Third World commodities.

Malawi, the only black African country to have full diplomatic relations with Pretoria, and Zaire, e stronghold of American influence in the region, have beeu coming under fire from their more radical neighbours for their sympathetic stance towards President P. W. Botha and for allegedly helping South African-backed guerrillas in Angola and Mozambique.

"What we are saying to our colleagues is that when the explosion in South Africa takes place or when sanctions are applied, whichever comes first, there will be no transporting of goods to Malawi or Zaire," Dr Kaunda said.

Asked if this meant that the front line states—Zambia, Zimbabwe, Angola, Mozambique, Botswana and Tanzania—would restrict the passage of goods for Malawi and Zaire in the even of a closure of the important South African trade roote, Dr Kaunda said: "We are saying that there should be room for everybody, but that room for everybody means certain actions being taken."

He did not elaborate on these actions, which are likely to include putting an end alleged support for anti-government guerrillas in Angole and Mozambique by Zaire and Malawi. He said the issue would be discussed at a forthcoming summit meeting between the front line states and Mobutu Sese Seko, Zaire's president. Dr Kaunda, Mr Robert Mugabe, Zimbabwean Prime Minister, and Samora Machel, Mozambique's President, met President Banda of Malawi last month and threatened to close landlocked Malawi's borders unless the country co-operated in the fight against the right-wing Mozambique Netional Resistance Movement.

Malawi is entirely surrounded by Mozambique, Tanzania and Zambia, and like other countries in the region would have to rely on hitherto inefficient ports in Mozambique and Tanzanie if comprehensive trade sanctions against South Africa come into effect.

The Benguela Railway through Angola to the Atlantic has been put out of action by Angolan rebels

Dr Kaunda said South Africa's neighbours were ready to suffer in support of the overthrow of apartheid, although many Zambians, already overburdened by economic hardships, are reluctant to fight in what they see as somebody else's war.

Lusaka, the headquarters of the African National Congress, which is banned in South Africa, is one of several capitals to have been raided in what Pretoria describes as attacks on guerrila targets. Zambia has recently been gripped by an atmosphere of tension which has led to the detention and mistreatment of several foreign tourists. "Zambians are normally a very peaceful people, non-racial in their approach," said Dr Kaunda. "But now they are beginning to see an enemy in every white man, which is what we have been trying to avoid all along."

Dr Kaunda has welcomed the decision of the US Congress to impose sanctions against South Africa, but is deeply critical of the attitude of the West towards the Third World. Committed to economic reforms backed by the Internation Monetary Fund, Dr Kaunda has joined a chorus of Third World leeders who criticise the IMF for the conditions it imposes on bedtor countries. "I suppose a beggar has no choice in these things . . . but the developed north is being very unfair to the developing countries."

Dr Kaunda: "unfair prices"

Moscow 'set to cheat' on troop pull-out

MR CASPAR WEINBERGER, US Defence Secretary, accused the Soviet Union yesterday of recently injecting additional forces into Afghanistan and preparing to cheat on e planned withdrawal of forces from there, a senior US official said, Reuter reports from Peking.

The official, who asked not to be identified, told reporters Mr Weinberger made the accusation at a meeting with Zhang Aiping, Chinese Defence Minister, during a four-day official visit to China that began on Tuesday.

"We expect there to be a ruse by the Soviets by putting in more (troops) so that they can appear to withdraw with an actual net combat gain," the official quoted Mr Weinberger as saying.

Mr Weinberger's comments came in the wake of a Indian news agency report from Moscow that the promised Soviet withdrawal of six regiments from Afghanistan will begin next week, coinciding with the meeting in Iceland between President Ronald Reagan of the US, and Mr Mikhail Gorbachev, the Soviet leader.

The report, citing well informed sources, said the pull-out would be completed by the end of the mouth.

It adds: "Further withdrawals will take place next year, depending on Pakistan's behaviour in handling the intrusion of rebels from its territory."

In Peking, the US official said the Soviet Union had sent several regiments into Afghanistan within the last few weeks, pushing up the previous total of 118,000 Soviet troops in the country.

Mr Gorbachev announced in a July 28 speech in Vladivostok that Moscow intended to move six regiments out of Afghanistan before the end of this year.

Mr Gorbachev said the forces to be redeployed in their home bases would consist of one armoured regiment, two motorised infantry regiments and three anti-aircraft artillery regiments.

Such a withdrawal would leave the Soviet force in Afghanistan even more powerful than before, especially since Moscow did not need anti-aircraft units in the country, the US official said.

Asked by reporters whether the White House had epproved tha accusation against Moscow just before the Iceland meeting, he replied: "We don't do anything without White House knowledge and full support."

Mr Weinberger is visiting China on an around-the-world trip

The visit is directed at bolstering growing US scientific and military ties with China and Weinberger is scheduled to deliver a personal letter from Deng Xiaoping, China'e leader, today.

He will also meet Premier Zhao Ziyang and Foreign Minister Wu Xueqian.

It was not clear whether the Indian report came directly from Soviet officials. A high-level Indian diplomatic team has been in Moscow for several days preparing for a visit to New Delhi by Mr Gorbachev later this year.

W. German embassy besieged

SEVERAL HUNDRED demonstrators attempted to storm the West German Embassy in Tehran yesterday but were beaten off with tear gas, a German diplomat said, Reuter reports from Tehran.

"They tried to open the front door of the embassy with pliers and saws. We had to fire gas canisters," the diplomat said.

The demonstrators, who had shouted "Down with the fascist German police" and "Revenge for Frankfurt events," later began to disperse.

The protest followed violence at the Frankfurt international book fair last Thursday when rival groups of Iranians clashed at one of the booths.

The Iranian Cabinet discussed the incident on Sunday, expressed regret about the behaviour of West German police and assigned Mr Ali Akbar Velayati, the Foreign Minister, to follow np the matter, Tehran Radio reported.

Tehran newspapers, which reported that opponents of Iran's Islamic republic ettacked and injured Iranian staff at the booth, accused German police of negligence and urged the Government to reassess its relations with West Germany.

David Marsh in Bonn adds: The apparent dispute over the Frankfurt fight coincides with controversy over irregular methods of payment used by Iran in 1978 to settle bills with Thyssen, the West German steel and engineering group.

Thyssen'e subsidiary, specialised engineering company Thyssen Rheinstahl Technik, was alleged in the latest edition of Der Spiegel, the German news magazine, to heve misappropriated funds from the Netional Iranian Oil Company (NIOC) during the turbulent period in 1978 leading up to the lete Shah's downfall.

Thyssen, which was involved in e joint venture with Fluor Corporation of the US and Mannesmann of Germany in building e refinery for the Iranians, issued e statement denying that the affair led to any financial loss for NIOC.

On the contrary, the company still owed the joint venture several hundred million D-Marks, it said.

Thyssen said the unusual methods of payment made by NIOC in 1978, involving the use of special bank accounts in Germany, were "not opposed" by the customer. They enabled funds to be mobilised during a period of "revolutionary disorder" in which cash could not otherwise be transferred from Iran.

● Iranian gunners shelled Iraq's second city Basra, yesterday for the fourth successive day, rousing the million residents with a 20-minute pre-dawn salvo, Reuter writes from Basra.

Filipino rebels 'killed 600'

THE Government news agency reported yesterday that communist rebels had killed 600 suspected Government agents in an "unprecedented bloody purge" on northern Mindanao island, AP reports from Manila.

The Philippine News Agency quoted Brig Gen Mariano P. Adalem, regional commander for northern Mindanao, as making the disclosure during a meeting of area military commanders on Tuesday.

The agency said the killings began early this year and ended recently. It said defectors from the commmist New People's Army (NPA) rebel group led troops to many of the victims' graves.

Earlier this year, the army claimed to have found the remains of some 200 people slain by the NPA on Mindanao.

The military has frequently accused the NPA of atrocities, including the "execution-style" killing of local officials, rebels suspected of planning to surrender and people believed to be government informants.

Australian unions retreat on wages

BY RICHARD HUBBARD IN CANBERRA

THE LEADERSHIP of the Australian trade union movement has abandoned its commitment to full wage indexation in favour of a more flexible wages system, but wants more government effort to encourage investment in domestic industry.

Mr Simon Crean, the president of the Australian Council of Trade Unions, yesterday linked the question of future wages policy to the wider economic agenda, addressing other elements of Australia's current problems.

Union officials and ministers have quietly been conceding in recent weeks that Australia's system of full wage adjustment for movements in the cost of living needed to be changed. It was felt to be too inflexible to deal with a period of declining economic growth and a loss of national income through reduced prices for exports.

Yesterday's decision by the union movement recognises this change, but seeks to ensure that in return business and the Government are drawn into a new system with firmer commitments on creating employment through greater investment in industry.

Mr Crean said the Federal Government should look at taxation incentives and industry policy to encourage investment in domestic industries, while the business sector needed to give more effective assurances on investment in domestic productive capacity to enhance the nation's industrial base.

In return, the ACTU is offering to shift to e two-tier system of wage fixation. This would involve full wage indexation for workers on low wages and bargaining on an individual company basis rether than with national employer bodies for amounts above that.

The ACTU's decision represents a proposal which would usher in the most important change in Australia's wage fixing structure since wage indexation was introduced in 1983.

The ACTU has decided to hold a full conference of federal unions, essentially a mini-trade union congress, in early November to set the final seal on the proposal.

Portugal may boycott Jakarta summit

BY JOHN MURRAY BROWN IN JAKARTA

PORTUGAL, one of the European Community's newest members, may boycott this month'e EEC-Asean summit in Jakarta, a move which would embarrass community foreign ministers.

A 10-year-old dispute over East Timor, Portugal's former colony, annexed by Indonesia in 1975, is threatening to disrupt the talks on October 20 and 21 to be chaired by Sir Geoffrey Howe, Britain's Foreign Secretary.

"It would set a very bad precedent," said one European diplomat, at a time when leading community members, in particular Britain and France, were keen to improve ties with Indonesia, the world's fifth most populous nation.

In July, in the EEC parliament in Strasbourg, Mr Mario Soares, Portugal's newly-elected President, roundly condemned Indonesia.

In particular, Portugal is incensed at reports that Indonesia plans a referendum in East Timor, with UN observers, to coincide with next April'e national elections.

Negotiations on East Timor have been continuing behind closed doors at the UN since 1983, when the General Assembly put the dispute to arbitration—a decision then supported by both Indonesia and Portugal and given the personal backing of Mr Perez de Cuellar, UN Secretary-General.

3M to sponsor Seoul Olympics

By Richard Evans

THE 3M company announced in the US yesterday that it is to become a major sponsor of the 1988 winter and summer Olympics in Calgary, Canada and Seoul, South Korea.

The global sponsorship arrangement, which channels money into national teams via the International Olympic Committee, enables each local subsidiary of the multi-national 3M company to make separate arrangements with its national Olympic Committee.

The company joins other corporate sponsors like Coca-Cola, Eastman Kodak, Federal Express and Visa in the sponsorship programme organised by the International Olympic Committee.

Violence flares over killings in Gaza

BY ANDREW WHITLEY IN JERUSALEM

VIOLENT DISTURBANCES have taken plance in Ashkelon, the southern Israeli port town, following the second killing in 10 days of a Jew in the nearby occupied Arab city of Gaza.

Yesterday's funeral of the second man knifed to death, a taxi driver from Ashkelon, was accompanied by heavy police reinforcements, as the authorities sought to prevent a further escalation in the violence.

In Gaza City, Israeli police and army units set up road blocks and detained dozens of local Palestinians in the search for the assailants, thought to be linked to newly established, semi-clandestine Islamic colleges. Most were subsequently released.

Israeli leaders have been quick to condemn the new outbreak of violence in Gaza. Prime Minister Shimon Peres promised yesterday that the authorities would do everything possible to find those responsible, while Mr David Levy, the hawkish Deputy Prime Minister, said Israel should adopt an "iron fist" policy towards terrorism.

Unemployment is only one of the problems, reports **Robert Thomson** in Peking

Chinese labour changes provoke scepticism

THE FORMAL adoption of lebour reforms by the Chinese Government, under which productivity is now more important than job security, is likely to test the depth of political sympathy for Deng Xiaoping's ambitious economic programme.

While the Government has said much in recent years about giving factory managers the power to hire and fire, in practice few factories introduced such a system and the "big iron pot" that guaranteed equal shares, regardless of work done, has remained almost intact.

"Hiring workers on contract for instance, was approved six years ago, but only about 3.5m of the country's 123m industrial employees are engaged on such terms, which are supposed to give both workers and enterprises more flexibility.

China's State Council has formulated four regulations for state-owned enterprises that went into effect at the beginning of this month. The regulatioos deal with hiring workers ou contract, sacking workers, recruiting workers, and labour insurance for the unemployed.

The Minister of Labour and Personnel, Zhao Dongwan, says the regulations will give enterprises the right to fire workers when they violate work rules. Dismissed workers are supposed however to have a right of eppeal to local courts if they think the decision is unfair.

Exactly how firmly the regulations will be enforced is being carefully watched by observers, who note that previous reforms have been introduced, at best, only in part. The Chinese Communist Party's concept of bankruptcy, for example, is very different from that of the West, one diplomat said.

He cited a potentially tough draft bankruptcy law, yet to be given Government epproval, which is likely to be used very selectively to make an example of inefficient companies rather than as a means of pruning China's corporste deadwood.

Even the highly publicised bonus system for efficient workers was bridled by Peking this year with stiff taxes for enterprises that give what are considered to be excessive payouts. If a worker's bonus in e year exceeds five months worth of his salary, the enterprise will be taxed 30 per cent, while if the bonus exceeds six months' salary the tax will be 300 per cent.

Zhao Dongwan . . . right to fire

The most sensitive aspect of both the bankruptcy and labour reform laws is unemployment. Recent comments showed thet several senior officials have serious reservations about whether China is reedy for a bankruptcy law or will ever be ready, even if it is selectively used.

Officially, China has no unemployment, though it does have many millions of people "waiting for employment." Unemployment in Chinese cities is reported to be about 2.5 per cent, though diplomats and Chinese say hte figure for young people, in particular, is around 20 per cent.

The provisions made for the first Chinese factory bankrupted earlier this year included a guarantee that the displaced workers would receive six months' salary and an allowance of about a third of the average urban wage after that.

The labour reform has highlighted the lack of a social safety net in China, much to the chagrin of more conservative officials who believe that it it is ideological sacrilege to make labour a part of the free market.

These officials are in conflict with Deng Xiaoping and his pragmatic comrades, who are certain that China's inefficient industries will not improve until factory managers have the means to deal with workers who are inefficient and encourage those who are not.

Unemployment insurance is a concession to officials who fear for the future of displaced workers, and will be available to four groups: workers in bankrupt enterprises: workers in factories on the verge of bankruptcy ordered to restructure: workers dismissed for violating work rules: and contracted workers whose contracts have expired.

Insurance funds will be collected from state-run enterprises at a rate of 1 per cent of their total wage bill. Payments will be available for up to two years for those who have been employed for five years or more, and for up to a year for those employed for less than five years.

It is not yet clear how many years it will take for the labour reform system to be introduced. Nor, indeed, do observers feel confident that local government and party officials criticised by the Communist Party general secretary, Hu Yeobank, for doing the opopsite of policy, will reform their ways.

AMERICAN NEWS

Pinochet seeks to strengthen grip in junta reshuffle

BY MARY HELEN SPOONER IN SANTIAGO

PRESIDENT Augusto Pinochet of Chile yesterday sought to strengthen his grip on government by reshuffling his four-man junta. The move came amid reports of disagreement within his military regime, sparked off by the recent assassination attempt against the President.

General Humberto Gordon, director since 1980 of Chile's feared secret police intelligence agency, the Central Nacional de Informaciones (CNI), has been appointed to the junta. He replaces army vice commander Julio Canessa, who joined the junta only late last year.

This is the second time the army's representative to the junta, which holds legislative power under General Augusto Pinochet's regime, has been changed in less than a year.

The surprise change comes at e time when the commanders of Chile's air force, navy and national police are showing signs of increasing independence from Gen Pinochet.

On Tuesday, air force commander General Fernando Matthei, considered the most democratic-minded of the junta members, said he favoured a dialogue between the Chilean military and opposition leaders to discuss national issues, including modifications to the constitution.

The constitution, passed in a controversial plebiscite in 1980, extends Gen Pinochet's presidency until 1989, when the junta is to choose a candidate for a one-man presidential referendum. Gen Matthei, the navy and police commanders are opposed to prolonging Gen Pinochet's presidency beyond this date.

Gen Matthei said he had already met leaders of Chile's conservative National Party, at its own invitation, and indicated he was open to overtures from other political parties as well. But he said Chile's Communist Party should be excluded from any conversations between the armed forces and opposition leaders.

Venezuela plans $17bn budget

By Joseph Mann in Caracas

PRESIDENT Jaimie Lusinchi is to ask the Venezuelan Congress to approve a $17.2bn (£12bn) government budget for the calendar year 1987, up 3.6 per cent on this year's $16.6bn budget.

Oil revenues will account for about 43 per cent of government revenues next year, the lowest figure for some time. This will mark the first time in decades that non-petroleum revenues are higher than petroleum income.

The administration recently increased taxes in an effort to offset the decline in oil revenues. Oil exports in 1986 will be down about $5bn from last year.

Investments account for 26 per cent of next year's proposed central government spending, while current expenses will be 44.4 per cent, and debt service (not including all foreign debt service) 29.5 per cent.

Canada's trade balance back in the black

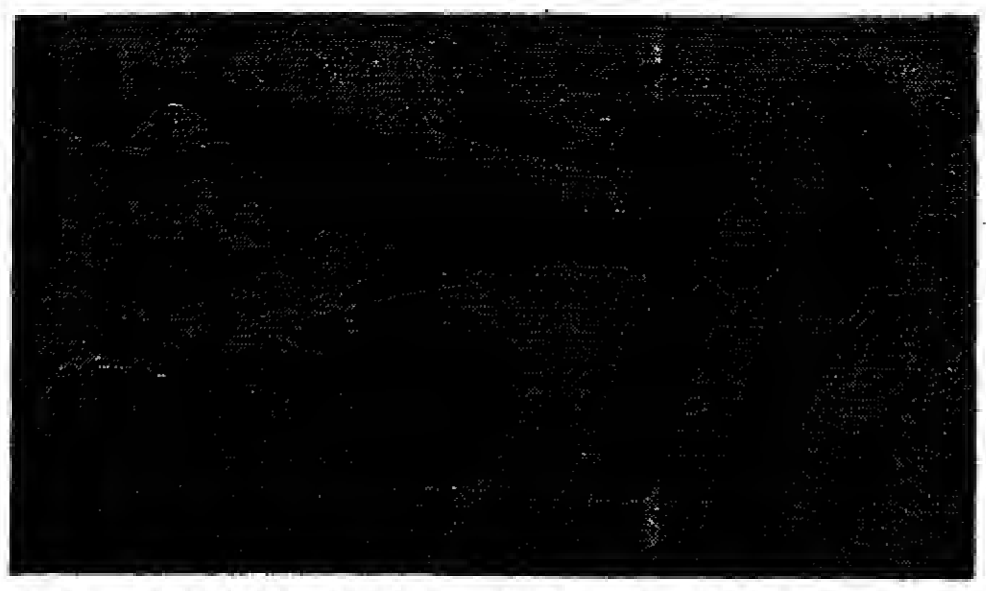
By Bernard Simon in Toronto

CANADA'S TRADE balance returned to a C$437m (£218m) surplus in August after recording the first deficit in a decade in July.

Statistics Canada attributed the turnaround to a C$686m or 6.1 per cent drop in imports and a C$200m rise in precious metal exports, reflecting the recent jump in the gold price.

In total, exports rose by 0.2 per cent to C$9.7bn. The rise in precious metal shipments was partly offset by a big fall in wheat earnings caused by weak prices and lower volumes.

The drop in imports, the first in five months, was due largely to a 15 per cent fall in shipments of cars and vehicle parts. Imports of many other products, including machinery, consumer goods and farm commodities, were also lower.



Sandinista army commander Colonel Roberto Calderon with the captured US airman Eugene Hasenfus beside the crashed cargo plane

Nicaragua exposes 'US link'

BY LIONEL BARBER IN WASHINGTON AND PETER FORD IN MANAGUA

THE NICARAGUAN Government yesterday presented compelling evidence that the Americans shot down over their territory while flying weapons to Contra rebels this week were doing so with the complicity of the US government.

Washington has been forbidden by law since mid-1984 from having any contact with the rebels beyond intelligence sharing and the provision of non-military aid.

President Ronald Reagan yesterday said his Administration had known that US citizens and private groups were trying to help anti-government rebels, but denied again that the flight had any connection with the US government. Nevertheless statements by senior US officials suggest that Washington knows more about the incident than it is prepared to disclose.

The C-123 aircraft shot down on Sunday 20 miles north of the Costa Rican border had taken off from Salvadorian airforce headquarters, according to the one surviving member who identified himself to reporters in Managua as Mr Eugene Hasenfus of Marinette, Wisconsin.

Colonel Roberto Calderon, military chief of Nicaragua's southern region, said that Mr Hasenfues and two other Americans, Mr Wallace Sawyer and Mr William Cooper, were involved in a CIA rebel supply operation.

As proof, Mr Calderon showed identity cards that bore the insignia of the Salvadorian Air Force and were inscribed in Spanish with the words "Group: USA" and "position: Adviser."

Mr Cooper, the plane's pilot, carried identification issued by the Southern Air Transport Air Freight Company, a Florida-based private airline company, which recent US press reports have linked to the CIA.

Private US aid groups supporting the Contras have denied involvement, but relatives of Mr Hasenfus have linked him to the CIA.

In Managua, officials said that unless Mr Hasenfus was pardoned by President Daniel Ortega he would face trial on charges that carry a maximum 30-year jail sentence.

Senate set to confirm black envoy

BY LIONEL BARBER

PRESIDENT REAGAN'S choice as US ambassador to South Africa, the black career diplomat Mr Edward J. Perkins, was expected to be confirmed by the Senate yesterday.

Mr Perkins, a "gentle giant" born in Louisiana, is currently US ambassador to Liberia. His nomination is intended to widen the Administration's contacts with black South Africans.

Mr Perkins has made it clear that he supports Congress's beefed-up sanctions package against the Pretoria government.

His assurances to Senators that he will uphold the sanctions approved by Congress last week over the President's veto have ensured a relatively smooth ride during the confirmation hearing. He has also won praise by saying he will seek to meet Nelson Mandela, the imprisoned head of the outlawed African National Congress.

Administration critics say his appointment will do nothing to clear the confusion over White House policy towards South Africa.

Throughout his six-year presidency, Mr Reagan has stuck obstinately to "constructive engagement"—seeking change in South Africa through persuasion. Last week's humiliating reversal of his veto on sanctions by the Republican-controlled Senate left this policy in disarray and the President isolated.

Mr Perkins, who served in Japan and Korea with the marine corps and worked in personnel and management in Iran and Washington in the State Department until 1978, is therefore in an unenviable position.

He is aware that his appointment has been described by critics as a symbolic, diversionary gesture. This is precisely the tage given to Mr Reagan's original choice for ambassador, Mr Robert J. Brown, a businessman who was forced to withdraw following controversy about his business affairs.

Tim Coone explains the background to today's strike

Argentine union crusader takes on Alfonsin

MR SAUL UBALDINI, leader of Argentina's trade union movement, is an uncharismatic and quietly spoken man. But his decision to call a nationwide general strike today, the seventh since President Raul Alfonsin came to power, shows the strength of his opposition to the Government's policies.

It is the 16-month-old Austral plan, with its deflationary incomes policy and its commitment to continue servicing Argentina's foreign debt that particularly annoys Mr Ubaldini.

His fight against the plan has become almost a crusade, to be pursued with the same determination and sense of purpose with which he opposed the former military dictatorship.

"We do not want confrontation for confrontation's sake," he says. "What we want is a change in economic policy."

Mr Ubaldini's rise to power at the head of the CGT generally recognised as Latin America's most powerful trade union movement is a somewhat enigmatic one. He is rooted in the Peronist political movement and its party the "Justicialistas, but is not part of the party machinery. This is dominated by the metal workers, and traditionally was controlled the CGT.

His political inclinations are those of a left-leaning Christian Democrat rather than a socialist and he identifies closely with the blue collar workers. He emerged from the sidelines in the late 1970s when he was the leader of a small and almost insignificant brewery workers' union.

His uncompromising attacks on and confrontations with the military governments of the time, while other trade union leaders were trying to negotiate deals with the regimes earned him the respect of the rank and file as well of his fellow trade union leaders.

Mr Ubaldini . . . enigmatic

By the time democratic rule was restored in 1983, he had become leader of the more militant faction of the CGT. The defeat of the Peronists in the 1983 elections further strengthened his position within the union movement against its traditional leaders which controlled the more moderate faction. He later succeeded in uniting the two factions and subsequently assumed the leadership.

His control of the CGT is not, however, totally unchallenged. Elections are due in November, in the first delegate conference of the organisation since the military coup of 1976. Whereas Mr Ubaldini's position as Secretary General is virtually unchallengeable, the share of power in the directorate of the CGT is expected to change.

The traditional Peronist union leadership led by Mr Lorenzo Miguel of the metal workers' union can be expected to carry some 40 per cent of the votes. This group negotiated a separate wage agreement in July with the Government not involving the CGT, which resulted in the postponement of an earlier general strike call by Mr Ubaldini.

The fissure is being exploited by the Government, for although Mr Ubaldini has officially severed negotiations between the CGT and the Government, Mr Miguel is continuing contacts.

Over the past decade, the ruling Radical Party, with its support rooted in the middle class, has made important inroads into the trade union movement especially among the growing white collar sector comprising bank workers, teachers, health workers and state employees

The Government's problem is that the state employees have been the hardest hit by the Austral Plan. The bank workers are also afraid of redundancies through recently announced Government plans to streamline the country's inefficient banking system.

Mr Ubaldini's campaign against the Austral Plan is therefore likely to continue to win union support in the face of the Government's determination not to back down and its attempts to divide the CGT.

Mr Armando Caro Figueroa, the subsecretary of labour and one of the architects of the Government's labour policy said in an interview: "The economic policy of the Government will not be determined by the CGT, and although it is not immutable, the central features of that policy will not be changed."

Nobody expects the stoppage to cause the fall of the Government, but an escalation of industrial action in the coming months planned by the CGT will include further national stoppages, sectoral strikes and workplace disruptions by individual unions. A hot summer is in prospect.

Inflation rate down in September

CONSUMER PRICES in Argentina rose an average 7.2 per cent in September, bringing the inflation rate for the previous 12 months to 67.5 per cent, according to the Economy Ministry, AP-DJ reports from Buenos Aires.

September's rate was slightly lower than that of August, when prices rose an average 8.8 per cent.

It was the first monthly decline since May, and indicates some progress by the government in its battle against inflation.

President Raul Alfonsin, worried by a resurgence of inflation in July, implemented several belt-tightening measures, including a monetary squeeze and increases in the cost of state-provided goods and services. The aim is to reduce inflation to a monthly average of 4 per cent for the last three months of 1986.

WORLD TRADE NEWS

Israelis to supply solar power plant to California utility

BY ANDREW WHITLEY IN TEL AVIV

AN ISRAELI company has signed contracts to provide a leading Californian utility with 360Mw of solar-generated electricity over the next six years.

The deal, the largest of its kind, is expected to generate an estimated $450m (£312m) in Israeli exports of solar energy plant and services.

Luz International, the US arm of the hybrid Israeli-American concern, will seek investors to build the 12 30Mw solar power stations which will supply electricity to Southern Californian Edison.

The cost of each power station is pnt at between $75m and $80m, making the whola deal worth up to $960m.

The contracts, signed last month, will bring to 19 the number of solar anergy supply agreements signed between Luz and the Los Angeles ntility. Two of the Luz-designed solar fields are in operation and another two are expected to be completed by December.

Tha fresh batch of Californian agreements will amply compensate Luz for the disappointment it is suffering over tha apparent loss of a potential $128m contract to build a 80Mw solar-cumbiomas power station in the Dominican Republic.

The Israeli-American company, together with General Electric of tha US, had high hopes of going ahead with the project after being awarded a preliminary contract by the Dominican Government last November.

But, following a change of government resulting from elections on the Caribbean island earlier this year, Luz has heard nothing further about the scheme.

Apart from the dormant Dominican project, Luz is about to conclude a feasibility study for a 30Mw solar energy plant in Punjab, Northern India, and was recently asked by the Israali government to look into establishing Israel's first solar power station in the southern Negev Desert.

Bechtel, Citicorp study backs Spanish project

BY TOM BURNS IN MADRID

A FEASIBILITY study by Bechtel, the US consultants, and Citicorp, the investment bank, into the development of the Bay of Algeciras is to recommend the expansion of Spain's southernmost port with the aim of converting its sheltered deep sea water facilities into e transshipment zone.

Other topics reviewed in the study include the promotion of the area's industrial park, ambitious tourism projects and a wide-ranging reassessment of Gibraltar airport, which is viewed as a key terminal which should serve the whole bay area.

The study was commissioned by the Junta de Andalucia, the regional government of the south of Spain, and is due to be unveiled at the end of the month.

The Junta has long been anxious to promote Algeciras as a "Rotterdam of the Mediterranean" and also seeks to attract leisure industry investment to the bay.

One of the main proposals is that container traffic at Algeciras should double within the next 10 years. The port, already Spain's biggest container harbour, handles some 500,000 containers a year at its main dock and at two further terminals owned by Sealand Iberica and by Maersk Espana.

A second recommendation is the expansion of e coal port which supplies the local electrical utility, Sevillana, into a major coal transit facility. The study also suggests the development of a grain trans-shipment zone which would be sited on the area's under-used naval dockyards.

The study views the dual Spanish and British use of Gibraltar airport as essential to the area's development. The airport, which is operated by the Royal Air Force, is the object of protracted negotiations between London and Madrid over the British crown colony's future.

Proposals to expand Gibraltar airport include the construction of a tunnel underneath the runway which doubles up as the sole road into the rock colony.

William Dullforce explains why trade negotiators have welcomed China but shunned the Soviet Union

Politics intervene to encourage discrimination in Gatt

THE DOOR to participation in the new international trade-liberalising negotiations has been flung open for China and slammed shut for the Soviet Union.

This discrimination by trade ministers who met in Punta del Esta, Uruguay last month passed almost unnoticed in the euphoria generated by their success in resolving their disputes over agriculture end the services sector and in launching the new Uruguay Round.

The rebuff to Moscow and the welcome for Peking are rightly interpreted as political acts orehestrated by the US, tha European Economic Community, Japan and their allies. But they were accepted with scarcely a murmur by tha rest of the more than 70 countries represented at Punta del Este. The anticipated row over Moscow's request to take part in the trada talks simply did not materialise.

This was because the large majority of the 92 signetories of tha General Agreemant on Tariffs and Trada (GATT) remain sceptical about tha Soviet Union's change of beart towards their free-trade organisation. They have solid, practical reasons for doubting wbether good would come from linking Gatt with the world's largest, state-controlled economy.

In contrast, most Gatt countries appreciate that they have an interest in ancouraging Deng Xiaoping and his supporters in Peking to pursua their decentralisation of the Chinese economy and its opening to foreign trade.

Mr Enrique Iglesias, the Uruguayan chairman of the Punta del Este conference, and Mr Arthur Dunkel, Gatt's director-general both argued that there was a fundamantal difference between the Soviet and Chinese cases for membership of Gatt. The difference, bowever, is not immediately obvious.

Neither nation is currently a member of Gatt. Both have asked to take part in the new round of negotiations. But while China has formally spplied for Gatt membership, Soviet officials have so far gone no further than indicating Moscow's interest in joining.

Terms for participation in the Uruguay Round were spelt ont in the trada ministers' declaration concluding the meeting. China's participation la assured by a clause covering countries which have already informed Gatt of their "intention to negotiate the terms of thei rmembership." The Soviet Union qualifies under no category.

The discrimination is daliberate, as comparison with the ministerial declaration launching the previous Tokyo Round of Gatt talks in 1973 makes clear. The US then insisted on including a clause opening up the negotiations to any interested country: it was a manifest invitation to Moscow.

The political constellation than was different. Former US President Richard Nixon was trying to improve relations with Moscow but no response had yet coma from Mr Leonid Brezhnev, then the Soviet leader. Moscow declined tha offer to join in the exchanges of trade concessions under an organisation which they still labelled an imperialist conspiracy.

The position is now reversed. The Soviet Union under Mr Mikhail Gorbachev seaks to draw advantage from the new Gatt round while the US, led by President Ronald Reagan, blocks its wsy. The Soviet trading system is at "fundamental, practical and philosophical variance" with the principles and practices of Gatt, the US Trade Representative's office says.

In an obvious attempt to forestall such criticism, Moscow pointed to "prospective changes in the Soviet foreign trada regime" in its letter last August applying for admittance to the new round.

Elaboreting on this later, Mr Mikhail Pankin, head of the department of international economic organisations in tha Soviet Foreign Trade Ministry, said the role of the 82 state trading units was being reduced, to allow Soviet enterprises to "enter freely into markets."

Moscow's specific interest in the naw Gatt round is thought to be connected with its evident need to replace by increased exports of goods sucb as civil aircraft, non-ferrous metals, forest and fishery products the loss of foreign income on its oil exports caused by the coilapse in oil prices.

But the US, in the context of its present keyed-up relationship with tha Soviat Union, apparently wants to exact e price in othar areas before it makes trade concessions.

Mr Dunkel . . . fundamental difference

Even in tha longer perspective the US, tha EEC and other major traders can be expected to be wary of letting the Soviet Union into Gatt and small Gatt members also have their doubts.

New members have to pay an "entrance fee," usually in tha form of a reduction in import tariffs with the cut being offared to all other Gatt countries.

Tariff cuts have no relevance in a planned economy. What entrance faa could Moscow then pay? Experience with the four small East-bloc members of Gatt offars no answer. Only with Hungary, which gives more of its manufacturing companies direct trading rights than any othar East European country, has a tariff reduction worked.

Romania acquired developing country status within Gatt, which pledged it to limited commitmant to open its market. Czechoslovakia is in Gatt because it was a founding member in 1947, but the US and the EEC have stopped treating it as a Gatt partner.

Poland's entrance fee in 1968 was an undartaking to increase its imports by 7 per cent annually. Initially it fulfilled this commitment but only because the rise in the US dollar exchange rate boosted the valua of its imports. In the 1980s it has consistently missed its target.

Tha experience with Poland makes even the smaller Gatt countries reinctant to consider a similar quantitative commitment on imports by the Soviet Union as an adequata antrance fee. Few believe, daspita the hints of an economic shake-up in the Soviet Union, that the state planning apparatus would allow greater market access to foreign goods.

Mr Gorbachev's foreign trade officials will have to provide more convincing evidence of change, particularly of greater autonomy for Soviet anterprises, before most Gatt countries will agree that thay hava an advantaga in allowing the Soviat Union to join their organisation.

China's image in Gatt is much more favourable. To a larga degree this la due to political considarations by the US, the EEC and Japan, but China's open door policy also helps.

Deng Xiaoping and his followers have initiated a reform of tha country's state-planning structure and have opened the ecooomy to foreign trade and investment. Although the process has slowed recently and joint ventures with foreign companles have run into difficulties, Peking has clearly signalled its commitment to a more liberal economy.

The application to rejoin Gatt submitted in July is seen within the organisation as a confirmation of this commitment. It is also argued that re-admitting China to Gatt will reinforce the group that is working for s decentralised, more open economy witbio the Chinese Communist Party.

When Peking joioed Britain last April in issuing declarations, conferring formal eutonomy on Hong Kong to cooduct its own extarnal commercial relations and allowing the territory to become a member of Gatt in its own right. Cbina's standing was further enhanced.

Formal negotiations between Peking and the Gatt countries on China's accession have not yet started. They too face a problem over the "entrance fea" to be paid by China.

Ready as their governmants may be in principla to welcome China back, US and EEC trada officials make no bones about the difficulties in reacbing a deal. The Chinese economy is at the momaot in transition — "neitber fish nor fowl," as ona put it—from a planned to a more liberal system, but it is not yet evidant that tha transformation has reached tbe stage wbare a commitment to rednce import tariffs would make sense.

Tha answer may be for Paking to give an undartaking on tariff cuts but with allowance for the other Gatt countries to withdraw their reciprocating concessions if the cuts do not have tha desired affect oo exports to Chins.

UK 'must match loan subsidies'

BY CHRISTIAN TYLER, TRADE EDITOR

THE BRITISH Government should adopt e more aggressive and co-ordinated approach in order to match foreign subsidy competition for capitel projects in developing countries, according to UK contractors yesterday.

Britain was labouring under "unique difficulties" because of delays in the inter-departmental process of approving aid grants to soften loan terms in support of exporters, said Mr Roy Withers, deputy chairman of Davy Corporation and bead of an industry advisory group to the Department of Trade and Industry (DTI).

Introducing the annual report of the Overseas Project Board, ha said the DTI's co-ordinating unit, the Projects and Export Policy division, should be given greater "political clont."

The board acknowledged recent attempts to speed up Whitehall's response time, and the creation of soft loan facilities for China and Indonesia.

But the world market for large projects had halved in the past four years and the financing competition had increased. "What we are seeking is to compete on equal terms—

Because Britain's aid budget was much smaller than that of competitors like the US, France, West Germany and Japan, bilateral aid should be spread more thinly and harnessed more closely to the UK's commercial and industrial interests.

The aid and trade provision, which is used to subsidise British bids, accounted for only 5 per cent of total aid.

Mr Withers said contractors broadly supported the UK Government's efforts for an international curb on aid subsidy competition within the Organisation for Economic Co-operation and Development

Negotiations resume at the OECD in Paris today on e formula for raising and equalising the cost of aid subsidies.

Trafalgar in Turkish bridge bid

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

TRAFALGAR HOUSE of the UK has formed a partnership with the Turkish contractor Enka to bid for building a third bridge across the Bosporus.

The plan is that the £268m bridge would be built in the early 1990s to supplement the second Bosporus bridge now being built by a Japanese-led consortium which beat Trafalgar and Enka with tha help of a large soft-loan package.

That defeat led to strong protests from Mrs Margaret Thatcher, the UK Prima Minister, and bas provoked the early bid for a third bridge

Trafalgar and Enka have put proposals to the Turkish government to build the privately financed bridga across the straits dividing tha European and Asian halves of Istnbul.

Trafalgar and Enka built the first Bosporus bridge in 1973. This became overloaded almost as soon as it was opened, making the second bridge necessary.

Trafalgar and Enka's latest proposal follows the argument that a third bridge will also be needed to relieve the congestion it predicts on the second.

The proposal has been favourably received by the Turkish Government and accepted in principle by the Istanbul municipality—which has caused Trafalgar considerable embarrassment by announcing the fact.

The company describes the disclosure as "premature." The scheme is only in its earliest stages and Trafalgar is anxious that now it has been made public, competitors will start putting rival bids forward.

Trafalgar's Bosporus Bridge scheme would work in a similar way to the one the British Government has approved for building a £200m privately-financed bridge across the Thames at Dartford.

Tha work would be paid for out of tolls and then transferred back to the public authority.

Sealink deal fails to move ferries

By Our Labour Staff

SEALINK UK's services to Europe and Ireland were still suspended yesterday even though the company has reached an outline agreement with maritime unions on the issue which started the dispute.

The company has agreed to withdraw the redundancy notices issued to 492 staff after the announcement last week of plans to run a reduced service to the Channel Islands in collaboration with Channel Island Ferries.

The announcement of the redundancies led to the immediate occupation of four Sealink UK ferries, and strike action by seamen and officers on 10 other ships.

The company has not made any commitment to withdraw its plans for the Channel Islands service. The outline agreement says the details of how many of the workers Sealink UK would be able to reemploy on a permanent basis would have to be worked out through further negotiations.

The company has said that the freight service from Holyhead, Wales will close from January next year if the unions cannot agree to 20 redundancies on the port's two cargo ships.

US company to make catalysts for Europe

BY TONY JACKSON

ENGELHARD, the US speciality chemicals and metals manufacturer, is to begin manufacture of petroleum catalysts in Europe with a UK investment of up to $25m.

The new plant, at Cinderford near Gloucester, in south-west England, will not necessarily lead to a net increase in jobs, Mr Orin Smith, Engelhard's president, said in London yesterday. The Cinderford site, at which Engelhard already employs 400, is to suffer job losses in its precious metals business, and some workers will be redeployed into the new plant.

Engelhard, which claims to be the biggest producer of catalysts for oil refining in the US and the second biggest in the world, currently manufactures only in the US. Another new plant similar in size to that at Cinderford is to be built in Canada at Aurora, Ontario, and at least one further site outside Europe is to be announced in the next month or so.

Mr Smith said Engelhard now had more than 10 per cent of the European market for petroleum catalysts, which he put at around 50,000 tonnes a year. The only UK manufacturer at present is Crosfield, the Unilever subsidiary, other manufacturers in Europe being Akzo of Holland and W. R. Grace and Union Carbide of the US.

Mr Smith said that although the European market for refining catalysts was smaller now than five years ago, declining supplies of light crude oil would reverse the trend.

"By the end of the decade, there won't be any sweet, easy crudes left for refining," he said. "Growth for catalysts will then be explosive, and we want to be firmly entrenched for that growth."

Oil price collapse 'over-stated'

BY LUCY KELLAWAY

COMMENTATORS may well have over-reacted to the oil price collapse, Mr Peter Everett, managing director of Shell UK Exploration and Production, said last night at a dinner of the Energy Industries Council.

He said the level of North Sea activity was bound to regain momentum, but it was crucial to find cost effective ways of developing and producing oil.

By adapting new techniques the cost of the Shell/Esso Tern and Eider fields, which are among the few North Sea oil developments at present going ahead, had been cut by some £300m to £1.2bn, he said.

The recovery in activity could be expected even if oil prices did not rise quickly to previous levels. Nevertheless, he seemed confident that prices would eventually recover. "One does not really need to be much of a seer to forecast an increase in prices," he said.

Mr Everett said he doubted whether the Government had much room to manoeuvre on the reform of oil taxes, but he thought that it might be prepared to "tip the scales" on some marginal oil and gas discoveries.

Developers plan 480ft tower for City

By Paul Cheeseright

FRIENDS' PROVIDENT Life Office and Wates City of London Properties have drawn up plans for a £300m tower, 480 feet (146m) high with 31 floors, to be built in Broad Street in the centre of the City of London.

Their detailed planning proposals will be lodged with the City authorities tomorrow. Work could start in 1988 and the tower could be occupied by 1991.

The plans, which follow on the acquisition of Winchester House by the joint venturers for £65m last year, underline the belief that the City of London will continue to be short of office space.

They also emphasise the trend in the City for either the major refurbishment or demolition of buildings constructed in the 1960s. The new tower would replace Winchester House, itself 21 storeys high but with offices too small and inflexible to meet the present requirements of financial institutions.

The new building would be one of a cluster of towers in the City, two notable examples of which are those of the National Westminster Bank and the stock exchange.

Acid rain poses threat to health says Norwegian Prime Minister

FINANCIAL TIMES REPORTER

ACID RAIN could harm people's health as well as kill fish and destroy forests, Mrs Gro Harlem Brundtland, the Norwegian Prime Minister, said yesterday. She said that an "alarming" aspect of the acid rain problem was the release of heavy metals into the ecological cycle.

"In Norway and Sweden concentrations of heavy metals in the livers of wild game is so high that they are unfit for human consumption. Effects on human health could be next," she told an international film and TV festival in Bristol.

Mrs Brundtland did not mention the millions of tons of sulphur dioxide emitted from Britain's coal-fired power stations which fall as acid rain over Scandinavia. But she gave a warning: "In the future no nation should be free to pollute the common environment and inflict severe ecological and economic damage on other states."

Thousands of lakes and streams in southern Scandinavia were so acid that the fish had died or were dying. "In my country alone, an area three quarters the size of Switzerland is heavily affected. In central Europe, at least 43,500 square miles of forest, or an area almost the size of England, is injured if not dying.

"In the worst-hit country, the Federal Republic of Germany, the overall costs are conservatively estimated at somewhere around $1bn a year, and corrosion of buildings at more than $500m and possibly several times more.

"The acid rain problem seems to be spreading widely and fast," she said. "There are signs of it in China, Malaysia and Brazil – even of an acid haze over the Arctic."

Mrs Brundtland, chairman of the World Commission on Environment and Development, said the United Nations and more than 140 governments had set up environmental agencies of one kind or another. With a few exceptions, however, they had no political muscle and remained "Cinderella Agencies."

These agencies' experts might know a lot about the flows of energy through ecosystms, but "seem to be less in command of the pathways of influence through the corridors of power," she said.

Ulster coal shipments resume

BY HUGH CARNEGY

BRITISH Coal confirmed yesterday that it is to resume shipments to the Northern Ireland Electricity Service (NIES), after a six-month break when the NIES went abroad for cheaper supplies, although the new three-year contract is initially for lower quantities than before.

Sir Robert Haslam, the chairman of British Coal, also said during a visit to the province that a number of colliery closures were likely to follow a surge in redundancy applications expected before March when a new set of much reduced redundancy terms announced this week come into force.

"We are probably going to see a number of colliery closures," he said, although he declined to predict how many.

He said shipments from Ayr to Belfast West Power Station would resume on November 1 at a level of around 30,000 tonnes a month. Previously, supplies were at 0.5m tonnes a year.

The NIES at first declined to renew its contract with British Coal when it expired in April and turned instead to cheaper supplies from abroad, including China and the US.

Mail Newspapers joins trek from Fleet St

BY RAYMOND SNODDY

MAIL NEWSPAPERS is joining the trek away from Fleet Street. It is to set up shop in the redeveloped Barkers department store in High Street, Kensington, in West London.

Journalists, commercial and administrative staff were informed of the move yesterday in a letter from Lord Rothermere, the company chairman.

The Daily Mail and Mail on Sunday will move by the end of next year and the London Standard early in 1988. The papers will be printed in Docklands where, last week, construction work began on Mail Newspapers' new plant. The Daily Telegraph, The Times and other national titles are already printed in Docklands.

The Mail group will be giving up five buildings between Fleet Street and the Embankment, which will probably be sold for redevelopment, although no decision has been taken.

The decision leaves Express Newspapers as the only national newspaper group not to have announced a move from Fleet Street, the heart of the British printing industry for nearly 500 years. Mail Newspapers first wanted to move into the Sea Containers building on the South bank of the Thames but it claims that it was outbid by the Customs and Excise.

The newspaper group has signed a lease on several floors at the Barkers building. The geographical move is clearly intended to coincide with a move to full electronic technology, with journalists keying in their copying directly to central computers. The company emphasises this will be done by negotiation.

Lords revolt defeated

BY TOM LYNCH

A CROSS-PARTY move to halt the progress of a bill to streamline EEC decision-making, fizzled out in the House of Lords last night, when the Government defeated an amendment to the bill by 176 votes to 52.

The planned revolt against the European Community's (Amendment) Bill was spearheaded by senior Labour peers. It had the support of some Conservatives and other cross-bench peers.

The peers moved a series of amendments seeking to restrict the powers of the courts of first instance, which are to be set up as subsidiaries to the European Court of Justice, Luxembourg.

Lord Denning argued that British subjects and companies should settle disputes in British courts. He and other rebel peers argued that the bill was of such serious constitutional importance that more time should be spent on it than the one day allotted by the Government.

UK NEWS

CONSERVATIVE PARTY AT BOURNEMOUTH

Government to finance urban renewal bodies

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE GOVERNMENT is to make available up to £640m of new money to finance the creation of four Urban Development Corporations (UDCs). They should all be formed within the next few months, although the additional funds needed for their development will be spread over the next six to seven years.

The announcement, made yesterday at the Conservative Party conference by Mr Nicholas Ridley, the Environment Secretary, is the latest in a batch of political initiatives intended to boost the Government's standing and to show that it has not run out of steam.

Mr Ridley said the decision was intended to build on the success of the country's first two Urban Development Corporations, in London Docklands and Merseyside, which had joined forces with private enterprise to create new businesses and jobs in previously derelict and decaying areas.

The corporations, which have sweeping powers over planning, land assembly and development, will be based at Trafford in Manchester, on Teesside, in the Black Country, and in Tyne and Wear. The exact boundaries for the areas involved have not yet been finalised.

Mr Ridley said the corporations would cost between £100m and £160m each to develop. He could not give any promises about the number of new jobs they would create, although he pointed out that the promoters of the Trafford UDC, which is at an advanced stage of planning, believe it will lead to fresh employment for 16,000 people.

Mr Ridley said that all the corporations would have to be approved by parliament. He did not rule out the possibility of more corporations being announced before the next election.

Mr Ridley also told the conference that rating reform remained the Government's top priority in the next parliament. A new system of local government finance would be in place by 1990 and he would also be making early moves to outlaw local council spending on political propaganda.

The proposals were generally welcomed by the opposition in the House of Lords yesterday, but peers expressed concern about where the money to underwrite the new corporations would come from, writes Tom Lynch.

Viscount Davidson, in a statement to the Lords about Mr Ridley's proposals, said his briefing on the matter had been necessarily short. He said each new corporation would be able to spend between £100m and £160m over six or seven years, but he could not say exactly where that money would come from.

Baroness David, giving a general welcome to the plan from the opposition front bench, said the areas involved had been deprived of "vast sums" in rate support grant

CONFERENCE COMMITMENTS

- Rates reform top priority after election to be introduced by 1990.
- Four new urban development corporations in north of England and Midlands.
- Legislation to require local authorities to contract out range of manual services.
- Specific targets for increases by 1990 in number of heart bypass, hip, cataract and bone marrow operations and for surgical cancer screening.
- Powers to confiscate assets to be extended from drug-traffickers to other highly profitable crimes.
- New legal rights for crime victims to obtain compensation.
- Home Office backing for victim support to be extra £9m over the next 3 years.
- Additional £15m over next three years to combat crime on London Underground.

British Gas sale causes jubilation

By Lisa Wood

JUBILATION over the prospect of the successful flotation of British Gas and an emphasis on the safety of the British nuclear energy industry were the major themes of Mr Patrick Walker, Secretary of State for Energy, in his response to a debate on energy.

Speakers in the debate, bar one who described herself as a maverick Tory, had given wide support to the nuclear industry as part of a balanced energy policy. Constant remainders were given throughout the debate on the political, economic and social consequences of Labour's policy of running down the nuclear industry, should Labour achieve power

In putting the privatisation of British Gas on the political agenda Mr Walker said he looked forward to the prospect of Labour Party canvassers at the next election explaining to shareholders why they should lose their stake in the industry which would be re-nationalised by a Labour government.

Stepping up his attack on Labour policies, Mr Walker said the party was planning to get rid of nuclear energy at about the same time as North Sea oil would be running out. He chided Labour for its claim that nuclear energy was not safe. "If it was not safe we would stop it straight away," said Mr Walker

Health spending robustly defended

BY IVOR OWEN

A ROBUST defence of the Government's record in improving the National Health Service won Mr Norman Fowler, the Social Services Secretary, a prolonged standing ovation at the Conservative Party conference in Bournemouth yesterday.

His performance was all the more impressive in that it followed an attack on Mrs Edwina Currie, the recently appointed junior Health Minister, for her "patronising" condemnation of the lifestyle of many people in the north-east of England which, in a remarkable departure from the normally docile attitude of the Conservative rank and file, was rounded off with a shout of "resign" from the floor.

Mr Fowler skated around Mrs Currie's indiscretion and also chose to avoid a direct response to a warning by Dr Andrew Hardie, a Birmingham general practitioner, about the party's vulnerability over inadequate hospital facilities.

With Mrs Margaret Thatcher, the Prime Minister, frequently leading the applause, Mr Fowler concentrated his efforts on demolishing criticism expressed by Labour leaders and underlining the Government's achievements in developing and expanding the NHS facilities it inherited on taking office in 1979.

These included:

Record numbers of doctors and nurses caring for patients – over 70,000 more than in May 1979.

Providing the highest level of patient care with 4.5m more being treated than when Labour left office.

Treating nearly 1m more in-patient cases than in 1978 and dealing with 3¼m more outpatients.

Savings of £63m a year – all being channelled into patient care – from the only half-completed programme of privatising hospital cleaning, catering and laundry services.

Cuts made by the last Labour government in the hospital building programme fully restored through the biggest sustained building programme in the history of the NHS costing £3bn.

Appointing Sir Roy Griffiths to the health service management board last week to help in the task of achieving a further reduction in hospital waiting lists – already below the level inherited from Labour.

More treatment to be provided in key areas, including cervical cancer in women, heart disease and hip and eye operations.

To a roar of approval, Mr Fowler finished listing this catalogue of achievements by dismissing Labour charges that the Conservative Party "does not care".

He insisted: "This party is committed to the health service. This party is committed to bringing help to people in need – whoever and wherever they are. We care and we care in action."

Mrs Heather Scott, who is chairman of the Darlington constituency association, led the attack on Mrs Currie when she opened the debate.

Taking issue with the junior minister's condemnation of the dietary habits of many people living in the north of England, she said: "I don't smoke. I don't drink beer and I hate black pudding – and there are a lot of people like me in the north."

Mrs Scott, who was warmly applauded, contended that if Mrs Currie had inquired why things were worse in the north, she would have discovered that where problems were related to unemployment. The number out of work was twice as high in areas controlled by Labour councils than in those with Conservative-controlled councils.

She protested: "Thoughtless and patronising remarks do nothing to help our cause."

Sacked Murdoch workers reject £58m settlement

BY PHILIP BASSETT AND HELEN HAGUE

Rupert Murdoch: 'No more talking'

NEWS INTERNATIONAL (NI) is to invite sacked employees to apply individually for compensation for losing their jobs after an overwhelming ballot rejection yesterday by members of the general print union Sogat '82 of the company's £58m offer.

The company's move, aimed at undercutting the collective stance exemplified by the ballot vote of 2,372 against the offer and 960 in favour, clearly signals NI's intention not to take up the call from Ms Brenda Dean, Sogat general secretary, after the vote to reopen negotiations.

Mr Rupert Murdoch, NI's chairman, said on television last night that the company would not start talking again. He said Ms Dean had suffered a "great defeat" in the vote, which went against the union's recommendation, but on the same programme, Ms Dean refused to accept that the union was now defeated.

NI questioned the validity of the ballot, but said that the vote showed there was little hardship among its ex-employees, the majority of whom now had other jobs.

Mr Murdoch said the offer was now off the table, and the company said it would not be repeated. NI said it had no "moral, financial or legal obligation" to have further dealings with the unions, but said that it would be setting up procedures to consider any cases brought by employees on an individual basis.

The company emphasised the successful performance of its four newspapers – the Times and Sunday Times, and the Sun and News of the World.

Print union leaders will oppose the company's approach to individuals, which NI clearly hopes will gradually wear the dispute away, in much the same way as the miners abandoned their dispute in the 1984–85 coal strike.

More than 6,000 print workers lost their jobs nine months ago when NI switched production of three national newspaper titles from central London to a high technology plant at Wapping, in London docklands.

Print unions have been claiming a presence at Wapping, but NI has insisted that there is no place for them there. Electricians are doing work traditionally done by the print unions.

In a ballot in June, Sogat voted 2,081 voted for rejection of a £50m compensation offer, and 1,415 for acceptance.

Yesterday's increased majority for rejection came despite a leadership recommendation to pick up the deal to comply with a company stipulation that the offer was only open to those unions which backed it nationally.

The pivotal importance of the Sogat result was made clear last night by Mr Tony Dubbins, general secretary of the National Graphical Association, which has more than 800 members sacked in the dispute.

He said Mr Murdoch now had a moral obligation to get back to the negotiating table at the earliest opportunity

Unions urge end to sanctions at Lucas

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

UNION LEADERS at Lucas Electrical, the components supplier, last night urged workers to lift the sanctions which have disrupted supplies to Austin Rover and halted all car assembly there.

The move came after two days of internal arguments among the unions as they sought to unify the 800 manual workers at 10 Birmingham plants behind action in pursuit of an improved pay offer. Whether their strong recommendation for an end to sanctions will be heeded will be tested on the shop floor today.

The main problem centres on the lighting division, at Cannock, where 800 workers walked out on Tuesday in protest at the disciplining of a colleague who refused a management instruction.

Unions at Cannock were urging an all out strike. Action at their plant, which is profitable, was the main cause of the stoppage at Austin Rover as supplies of headlamps and rear lights were cut off. Workers at other plants refused support arguing that in a ballot on the pay offer they had merely agreed to a ban on overtime and limited industrial action.

Faced with the divisions, the shop stewards approached Lucas management for talks yesterday. The company said it had agreed to reinstate the workers sent home from Cannock.

Lucas said that subject to the lifting of sanctions, negotiations on the pay offer could resume tomorrow.

Court puts bar on publishing Saudi dispatch

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

NEW STATESMAN magazine has been banned by the High Court from publishing an article that the Government claims would seriously damage diplomatic and commercial relations between the UK and Saudi Arabia.

At a two-hour private court hearing yesterday the Attorney General, Sir Michael Havers, QC, was granted a temporary injunction restraining the New Statesman from publishing anything about two valedictory dispatches sent to the Foreign office by Sir James Craig at the and of his tour of duty as British Ambassador to Saudi Arabia in 1984.

The injunction, which will remain in force until full trial of the case or further court order, stopped the New Statesman publishing this week a five-page article which included the bulk of one of the dispatches.

After the hearing, Mr John Lloyd, the magazine's editor, said he was considering an appeal. He said that the article might well embarrass the Government but he denied that there were any national security or other factors involved that override the need for press freedom to publish matters of public interest.

The Government's action was taken against the New Statesman and the two authors of the article, Mr Duncan Campbell and Mr Patrick Forbes. It argued that Sir James' dispatches to the Foreign Secretary, Sir Geoffrey Howe, were confidential and that it was not in the public interest that they be made public.

It is understood that Sir James, while praising some aspects of Saudi society and culture, was critical of others.

The Foreign Office is worried about the effect publication of Sir James' views might have on the Saudis. Not only are the Prince and Princess of Wales due to visit Saudi Arabia next month, but a multi-billion pound deal for the sale by the UK of Tornado fighter aircraft to the Saudi air force might be put at risk.

The Foreign Office is anxious to avoid a repetition of the diplomatic rift created by a British television film, "Death of a Princess", which caused great offence in Saudi Arabia.

Mr Lloyd said yesterday that the five-page article included about 1,200 words of one of the dispatches, which ran to around 1,800 words. It was accompanied by comment and relevant feature material and would have been the feature of the magazine's cover.

He said thet there was often a divergence between the public and private views of governments and it was commonly accepted that if journalists were to present something approaching the truth, or at least a more rounded account, they had to acquire the private as well as the public views.

"Our case was that publication of the documents might well embarrass the Government but since they don't concern national security, and the security of individuals or groups of people is not involved, the public right to know overrides any Government embarrassment – on either the Saudi or the UK side."

He said his understanding was that ambassadors' valedictory dispatches were not uncommonly revealed to diplomatic correspondents, which suggested that they were not always regarded as highly confidential. He did not know whether that had happened in the case of Sir James Craig's dispatches.

Eric Short examines a favoured area for buy-outs

Estate agents become hot property

THE PAST year has seen a major evolutionary development in the UK estate agency sector. The five largest estate agency groups are all owned or controlled by financial institutions – a merchant bank, a clearing bank and three insurance companies.

By this time next year, the top 10 estate agency chains are likely to be owned or controlled by financial institutions. Hardly a week passed now without an announcement of an estate agency chain being acquired by an institution.

The first move into this field came from Lloyds Bank more than four years ago with the acquisition of Charles Hawkins and Sons, an East Anglian firm of estate agents, as part of its overall strategy to provide a complete mortgage service to clients. Its estate agency subsidiary, Black Horse Agencies is now the third largest chain in the UK.

But the rush by financial institutions into the estate agency sector gathered momentum this year, spearheaded by merchant bankers Hambros. Its acquisition in March of Bairstow Eves, the first publicly quoted estate agency business was followed by merging the business with another quoted estate agency company Mann and Co. This formed the basis of Hambros estate agency subsidiary Hambros Countrywide – the largest estate agency chain in the UK.

Two main factors underline these moves. First, estate agency businesses offer profitable investment opportunities, particularly in times of a housing boom. The institutions are looking forward to a steady stream of earnings from their estate agency subsidiaries.

Second, and possibly more important, the institutions see estate agent branches as being one of the leading outlets for financial services operations and products.

Several commentators, looking into the future of the UK house market see one-shop property centres, where every service connected with buying and selling houses is provided under one roof. Estate agency branch offices are the natural site for these centres.

Competition between the providers of mortgages has become so keen that profit margins have been cut to the bone. Profitability on house buying will, therefore, come from ancillary products, such as house insurance and the use of life and pension contracts to repay the mortgage.

An insurance company not on the inner panel of companies recommended by building societies needs to have control of its own outlets if it is to develop the market for its financial service products.

This was one of the main influences in the decision of the Prudential Corporation, Britain's largest life company, to move into the estate agency sector with the acquisition last year of the East Anglian firm of Elkins, Dilley and Handley. Once Pru had made its decision, it was only a matter of time before other insurance companies followed them.

The building societies could not stand idly by. The 1986 Building Societies Act, which comes into effect at the beginning of next year, will enable societies to acquire estate agents. Halifax, Britain's largest society has already lined up the acquisition of the Sheffield firm of Henry Spencer and Sons.

The movement is now gathering momentum of its own accord. Many estate agents are only too willing to come under the umbrella of a financial institution.

The problem is to keep a sense of proportion in the asking prices for businesses. Every financial institution talks about the inflated prices being asked for and being paid by other institutions.

Institutions are adopting one of two approaches in gaining control of agencies. This reflects a radical difference in underlying philosophies. Some, such as Lloyds Bank, Prudential and Halifax want 100 per cent control. Hambros is content with a majority of the equity, while Royal Insurance considers it can control operations through a substantial minority of the equity.

Estate agency is an entreprenurial business dependent for its success of the flair of its agents. Those institutions with less than 100 per cent control feel it is essential to leave the man in the field with an equity stake to maintain the entreprenurial incentive. Others are uneasy with anything less than full control.

The next stage of development is going to be interesting to follow. The established institutions now see their future growth coming as much from the opening of new branches as from further acquisitions.

The newer entrants face the possibility of good profitable acquisition becoming relatively scarce and being forced to look at the smaller businesses with just one or two branches.

Estate agencies wishing to remain independent are now sitting still and allowing the institutions to make the running.

Leyland concept truck linked to base by six computers

BY JOHN GRIFFITHS

LEYLAND Trucks and about 50 of its component suppliers are collaborating on a project to investigate truck design and operating systems of the future.

The first tangible result is the TX450 concept truck, which will make its debut at the motor show in Birmingham next week.

It has six interlinked computers. One part of their role is to perform a wide range of tasks directly applicable to the vehicle, such as engine management.

There is also provision for them to communicate with other computers remote from the vehicle – for example, at the operating base – for the exchange of information on vehicle location, load, delivery schedules and operating conditions.

Unlike some concept vehicles which are not much more than aesthetic design studies, "the TX450 will definitely work for its living", according to Mr Peter Capon, product engineering director.

"We expect to learn a great deal from the continued development of the vehicle and its systems. We can then apply that knowledge to give the basis of an integrated transport system," said Mr Capon.

Call for more judges to cut appeals backlog

By Raymond Hughes, Law Courts Correspondent

MORE JUDGES and more courtrooms are urgently needed if the Court of Appeal is to deal with cases within a reasonable time and reduce the backlog of pending appeals, Sir John Donaldsen, the Master of the Rolls, said yesterday.

In a plea to the Government for more resources, Sir John, the head of the civil division of the Court of Appeal, said that the present complement of 19 Lords Justices of Appeal dealing with civil matters was wholly insufficient.

It had been necessary to borrow senior judges from the High Court and bring back retired Lords Justices as temporary stopgaps. The lack of courtrooms was another major obstacle to disposing of the backlog of cases, Sir John said. Two more needed to be added to the seven at present available.

Without them the judges would be involved in the judicial equivalent of musical chairs: one bench of judges trying to find a courtroom temporarily not required by their brethren.

"Quite apart from this being a somewhat unedifying spectacle, the inconvenience to the parties and their legal representatives of peripatetic, and possibly intermittent, hearings can hardly be over-emphasised."

In his review of the last legal year, Sir John said that the Appeal Court had gone as far as it should in reducing the expensive court time involved in appeal hearings by judges reading documents in their private rooms

To go further, he said, would be to lose the undoubted advantage of a dialogue between bench and Bar in detecting, refining and resolving crucial points of law. He said that the Appeal Court had once again increased its productivity: 1,207 appeals disposed of following hearings against 1,123 the previous year.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1985							
1st qtr.	106.7	103.5	104	113.4	133.9	3,138	153.5
2nd qtr.	108.9	104.5	100	115.0	141.4	3,174	161.7
3rd qtr.	108.4	103.7	103	116.3	145.2	3,124	164.4
4th qtr.	108.4	103.5	105	116.6	177.7	3,122	165.2
1986							
1st qtr.	109.2	102.8	97	118.0	145.4	3,171	164.6
2nd qtr.	108.4	103.2	106	120.2	152.7	3,208	175.1
January	108.3	102.4	96	117.0	145.6	3,153	159.7
February	109.2	103.0	96	117.2	140.9	3,161	165.0
March	109.5	102.9	105	119.8	148.6	3,199	168.8
April	110.4	103.7	99	119.3	152.1	3,200	160.9
May	108.1	102.8	110	118.2	149.8	3,205	171.1
June	106.7	103.3	109	122.4	155.4	3,220	185.3
July	110.3	104.2		120.9	158.2	3,223	195.2
August				122.6	155.2	3,224	201.3

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
2nd qtr.	103.4	105.0	113.5	105.6	115.9	102.1	16.3
3rd qtr.	104.3	102.3	113.3	103.5	114.4	103.2	17.2
4th qtr.	103.7	102.6	113.5	103.1	111.6	102.8	15.6
1986							
1st qtr.	103.0	102.3	115.3	102.0	110.4	103.8	14.2
2nd qtr.	104.4	101.7	113.3	102.4	111.7	104.0	20.0
January	102.0	101.9	114.3	102.0	112.0	103.0	13.9
February	103.7	102.8	116.2	102.0	110.9	105.6	12.5
March	103.3	102.7	115.5	103.0	110.0	103.0	16.3
April	104.9	102.3	116.7	103.0	109.0	106.0	18.7
May	104.0	101.6	113.0	102.0	112.0	102.0	19.2
June	104.3	101.3	110.2	102.0	114.0	104.0	22.1
July	105.1	101.9	116.5	103.0	115.0	102.0	21.6
August							15.6

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1985							
2nd qtr.	120.5	124.8	−124	+1,587	+2,411	97.8	14.32
3rd qtr.	116.3	124.1	−453	+1,472	+1,900	100.2	14.18
4th qtr.	118.9	127.9	−292	+612	+1,893	101.6	15.54
1986							
1st qtr.	117.4	126.1	−1,459	+597	+1,022	101.1	18.75
2nd qtr.	120.8	128.1	−1,613	+345	+732	102.4	19.20
February	120.6	125.9	−378	+161	+643	100.7	15.81
March	113.0	132.3	−1,205	−686	+330	100.7	18.75
April	121.5	123.4	−293	+300	+252	101.7	18.99
May	120.2	131.2	−698	− 46	+291	102.0	19.17
June	120.7	129.6	−623	+ 30	+279	103.6	19.20
July	126.6	134.0	−588	+ 12	+281	103.2	19.08
August	117.3	142.3	−1,496	−836	+211	103.9	18.93
September							22.40

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advncs. %	BS inflow £m	HP lending† £m	Base rate %
1985							
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,082	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771	3,374	11.50
4th qtr.	1.4	25.1	17.8	17.7	2,280	3,431	11.50
1986							
1st qtr.	6.5	9.0	10.7	12.2	2,220	7,385	11.50
2nd qtr.	2.5	33.0	33.8	26.7	1,433	7,658	10.00
February	4.6	5.3	6.8	9.1	793	2,491	12.50
March	5.1	8.2	14.3	16.4	657	2,300	11.50
April	0.3	21.5	28.6	26.5	756	2,743	11.50
May	3.5	42.8	29.4	27.9	500	2,372	10.00
June	3.8	35.1	33.5	25.0	177	2,543	10.00
July	3.7	29.1	18.5	15.9	387	2,719	10.00
August	5.4	18.5	11.0	17.8	452	2,684	10.00
September							10.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1985							
2nd qtr.	170.3	138.8	139.4	375.3	339.4	1,954	78.9
3rd qtr.	174.4	133.1	140.2	376.3	335.5	1,706	82.2
4th qtr.	176.9	132.6	141.4	378.1	337.4	1,771	79.8
1986							
1st qtr.	179.1	132.6	143.4	380.8	343.2	1,812	75.1
2nd qtr.	184.0	126.3	145.7	385.7	349.5	1,453	76.1
January	176.9	135.0	142.7	379.7	341.1	1,840	76.6
February	177.9	133.5	143.3	381.1	343.6	1,808	74.2
March	182.4	129.4	144.3	381.6	345.2	1,813	74.6
April	184.0	127.1	145.4	385.3	347.4	1,788	76.2
May	182.3	126.7	145.9	386.0	349.8	1,763	76.1
June	185.7	124.6	145.8	385.8	351.4	1,453	75.9
July	188.0	120.0	145.9	384.7	347.4	1,460	74.0
August		120.0	146.1	385.9	348.6	1,461	71.4
September						1,544	70.4

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

THE ARTS

Innocence/Dublin Theatre Festival

Michael Coveney

Caravaggio is all the rage at the moment. After Derek Jarman's movie comes Frank McGuinness's play at the Gate Theatre, Dublin, the most anticipated opening of this year's Dublin Festival. Jarman showed the painter malarially malingering at Porto Ercole; McGuinness also presents a retrospective dream treatment, but concentrates on the events of 1605-06.

After his murderous brawl Caravaggio was in exile from Rome and producing in Naples a batch of his best work including *The Seven Works of Mercy*, a detail of which, the falling angel, is reproduced in Joe Vanek's design of a crumbling palazzo. A tilted wall surges into the auditorium, at once solving this venue's notorious proscenium problems and suggesting the artist's studio. Two of his models talk of poverty and hunger. The peasant girl Lena holds him at knife point and by the hair (echoes of *The Sacrifice of Isaac*); his sponsor Cardinal del Monte, for whom he pimps and paints, declares that the painter believes with a depth that is frightening, a vision that is divine.

Kate Flynn

Whereas Jarman explored the homo-erotic undertow in Caravaggio, McGuinness discusses the nature of religious and artistic inspiration. He is tormented by his lust, but drawn inexorably into bestial knockabout. His clerical brother arrives to beg him to come home and live clean. His sister, who has died giving birth, advocates peace and painting, removing the knife from his hands. In a remarkable last half hour, a litanical credo of artistic endeavour is enunciated as the menagerie is adopted as subject matter and the actors' skins glow as if lit, like parchment, from within.

Garrett Keogh's Caravaggio is a tormented, at first blindfolded, inhabitant of this dark forest, driving the old prostitute to the Tiber where she drowns her sorrows and reducing the Cardinal to manacled madness. He is a creature beset equally by the sordidness of the salon and his own guilty, dark imaginings.

Just as McGuinness's *Sons of Ulster* was a Protestant historical analogy for current lunacies, so *Innocence* — in which McGuinness reasserts his identity as a Catholic artist (in spite of the pre-opening kerfuffle over "shocking gay blasphemies")—is an attempt, clothed in an historical setting, to weigh the uncouth artistic impulse against social and cultural responsibility.

Jarman fused the peasant model with the drowned prostitute, but McGuinness keeps Lena on dry land, Kate Flynn's mesmerising performance transforming her into the painter's guiding and guardian angel. She it is, in fact, who orders Antonio (Peter Holmes) to strip and cloak himself in the emblematic red curtain of Caravaggio's key proclamatory subject, John the Baptist.

There is not here the obsessive pictorial throb of Jarman's film, but Mick Hughes's side-lighting provides a good stage equivalent of *chiaroscuro*. Olwen Fouere and Jonathan Ryan are good Catholic family, Pat Leavy an imposing raddled whore, Aiden Grennell the Cardinal. The play is demanding of stamina and occasionally bumpy. But it comes from the heart and stabs in the ribs.

The Maid of the Sea/Sadler's Wells

Clement Crisp

The very considerable matter for the Chinese ballet of finding a national voice was made plain in the second programme of the Central Ballet, on view on Tuesday. The first act of *The Red Detachment of Women* offered outright political exhortation; two acts from *The Maid of the Sea* proposed, in abbreviated form, the idea of the spectacular ballet based on folklore, replete with the elaborate machinery of the nineteenth century extravaganza. Both suggest that such thematic material has dangers as well as rewards, most clearly in the development of a movement language which, while respecting balletic form, can speak in authentically Chinese style.

The Red Detachment is a curiosity, blatant in its poster view of socialist endeavour as a slave girl escapes from a cruel master to join the eponymous detachment and substituting meaningful poses for choreography. It was danced with conviction, but not all the posturing and earnestness of its cast could make it seem anything but quaintly moralistic.

The extensive extract from *The Maid of the Sea* seemed like a curious amalgam of dramatic ideas from a handful of Petipa ballets, without the sustaining merit of strong choreography. It offered colourful ensembles of wedding guests, naiads, demons, and the constantly curative presence of Old Ginseng Men (I quote the cast list) who came irrepressibly to the rescue of the hero and heroine.

These, in the performances of Feng Yin as the Maid and Zhang Weiqiang as her beloved, were admirably danced in the big clear style that marks the Central Ballet's schooling, and the large cast was everywhere dedicated to the task in hand. There was a tuneful score, *à la manière de Drigo*, pretty scenery, and a great deal of naive theatrical charm.

Four of the company's men were also seen in Anton Dolin's *Variations for Four*, a collection of technical exercises in search of a score and of choreographic logic. But the assurance of the quartet was pleasing, with Zhao Minhua and Zhang Weiqiang both ardent and sensitive exponents of their tricky solos. The challenge, though, still remains for the Central Ballet to find stronger models, more varied choreographic texts, upon which to build their repertory and do proper justice to the undoubted qualities of their dancers.

Ghosts/Young Vic

Antony Thorncroft

Ghosts is famous for the furious reaction it caused when it was first published in 1881. "An open drain; a loathsome sore unbandaged," was some of the hyperbole indulged in when it was produced in England. It is a pity that the production at the Young Vic could not arouse equally strong feelings. This is Ibsen detumesced.

The dread giveaway is the programme note that it was based on Peter Watts' translation, "amended in rehearsal in consultation with the original Norwegian text." This has created a *Ghosts* with about as much menace and foreboding as an episode of *Brookside*. Playing it in the round, and engaging Vanessa Redgrave at her most comatose as Mrs Alving, ensures a downbeat version.

There is no need for Mrs Alving to go dramatically over-the-top but as her life falls apart with the realisation that her prized son Osvald has inherited all the curses of his dissolute father, from drunkenness to dalliance, and with syphilis thrown in, a certain amount of passion is permissible. Ms Redgrave plays it very cool. There are nice touches as when she seeks to reawaken her early love for Pastor Manders by stroking his hand but even in the final scene, one of the great moments of 19th century drama, the effect is *pianissimo*.

Tom Wilkinson, as Manders, adds to the inconsequential feeling by playing him as a nervous insubstantial wimp. Fortunately there is a fine, strong performance by Eve Matheson as Regina who starts out as the servant and becomes so much more, and another by Peter Theedom as the oleaginous Engstrand. Adrian Dunbar gathers steam slowly as Osvald but by the end, as he lies like a latter day Chatterton setting with the sun, he has gained total credibility.

This is an interesting production by David Thacker. The set is almost perfunctory, and grand climaxes, like the orphanage fire, are thrown away, but the conversational approach certainly makes the tragedy accessible to the Young Vic's desired audience. It also tends to cheapen a great play, Ibsen at his most moral and his most persuassive.

Ashmolean Museum/David Piper

Father figure of English illustration

The name Byam Shaw has remained in currency, at least among people connected with the arts, as that of the school of art he set up in Kensington in 1910, and also that of his two distinguished sons. The elder, Glen Byam Shaw, celebrated in the theatrical world, died recently. The younger, James Byam Shaw, is happily very much still with us, held in affectionate esteem as a scholar of the most fastidious scrupulousness and, before his retirement, as a dealer of international renown and shining probity. In the show of his father's paintings, drawings and prints at the Ashmolean Museum in Oxford (*Byam Shaw*, until October 26; closed Mondays), he appears in a family group, a mere babe (he is now in his 80s) yet immediately recognisable already by his remarkable ears, so noble yet so elegantly truly shell-like. Many of the items in the show have been lent by him.

Byam Shaw *père* died in 1919, at the early age of 47, but the kind of art he practised was already threatened with that long banishment from serious critical attention and the notice of a new academic breed —the art historians—as the revolutionary assaults of 20th-century art battered the basic traditions established, most had thought for ever, by the Renaissance.

Even before his death, one of Shaw's largest paintings fetched only a sad 19 guineas in a Christie's sale, but work of the quality he could achieve at his best was bound to find recognition again in due course. In the crude idiom of the saleroom, recognition was indeed signalled loud and clear in 1981 by the sale at auction of another largish painting for £22,000.

Informed opinion, active in the reappraisal of Victorian and Edwardian painting, was of course by then already well aware of his work. It was, however, not easy to categorise, with its variety of subject matter, of its techniques and its eclectic references to different great masters of the past. This exhibition, though not large, is well selected, and is (I think the first) occasion to enable one to survey that variety reasonably comprehensively.

Broadly speaking, the work falls within the scope of British painting of the period; he seems never to have travelled abroad, remained untouched by Impressionism and of course Post-Impressionism, still less Cubism, but certainly reacted at times to Art Nouveau. As a young boy his talent had been recognised by Millais, though it was Rossetti and then perhaps J. W. Waterhouse (now become again a resonant name in the salerooms) who were to remain more inspirational for him.

An early painting here, *Silent Noon*, reads almost as if Hamlet, plucking at a small harp, has successfully dissuaded Ophelia from fatal immersion in the nearby stream. There might be a faint echo of Millais's famous painting, perhaps via Waterhouse, but two years later, 1895, the very ambitious (and successful) *Blessed Damozel* pays specific homage to Rossetti in principle as in practice; though each figure in the throng of celebrating maidens about the seated central figure is much more individually characterised that would be the case in a Rossetti, the mood is entirely in tune with that of the Pre-Raphaelite, poet and painter.

A central frontal figure, seated or standing, with or without supporting figures, emerges as a favourite motif. The *Queen of Hearts*, shimmering in voluminous white blazoned with red and gold, is a superb decoration which would have pleased Rossetti's mediaevalising heraldic tastes. Or *Jezebel* admiring herself in a hand-mirror, enthroned among Nubian attendants, peacocks, open-throated tiger lilies baying at her feet, even if, in order to sell it, Shaw had to reduce the full frontal extent of nudity—the "veiling," however, was done with gold. A blaze of colour.

Another, *Queen of Spades*, is very large for the watercolour medium in which it is worked, and echoes a Bellini-type formula for an enthroned Madonna with attendants. The life-scale whole-length portrait of his future wife serenely restates Holbein's Christina of Denmark (of which a reproduction was among those pinned up in his studio), but presents her as demure in a furred cape against an elaborate gold "Gothic" design. Another whole-length portrait (this time in pastel) refers back rather to Whistler (Shaw worked for a time in what was once Whistler's studio) in its narrow format and twist of body against a sombre background.

A masterpiece is the *Boer War, 1900*, from Birmingham; a pensive figure of a young woman in black, one hand to her mouth, a miniature locket with a portrait of a soldier suspended at her waist. She stands at the brink of a stream, set in an explosion of the flower and foliage of high summer, which is painted in exquisite detail entirely Pre-Raphaelite in feeling and handling. It is, obviously, dense, loaded, with sentiment and symbolism, but is not sentimental in its accuracy.

Shaw's illustration for "One Word More" in an 1897 edition of Browning's Poems

Byam Shaw also painted anecdote, very skilfully, if to our film-attuned eyes less convincingly than in his more purely "decorative" subjects. He was one of those chosen to continue the decoration of the House of Parliament with large paintings on historical themes; the cartoon for one of them is here. He could even essay a life-scale whole-length portrait, in the vein of Reynolds or Gainsborough, in watercolour, and carry it off with some panache.

He tried pageant pictures—*Love the Conqueror* features more than 50 identifiable historical characters (including e Shakespeare that actually manages to humanise the Droeshout engraving) and, for the Coliseum, he took on a full-scale Act Drop, with about 100 theatrical, musical and artistic celebrities, all identifiable. That has perished, but the study for it survives and is shown; the final result must have been e formidable Veronesian piece of Edwardian pomp and circumstance.

Yet for all his variety, I find that it is as a latter-day Pre-Raphaelite that I think of his best work — he fully deserved his inclusion in the exhibition focused on the Pre-Raphaelites that went to Tokyo last year, in certain qualities of colour and intensity and mood. For all that, it was perhaps in his line work that he was most conclusively successful. Obviously a workaholic, his output of designs for book illustration was prodigious. In them, drawing and composition conjoin in resolution, witness to a fine talent stringently trained but not tamed by the long apprenticeship that had started in the St John's Wood School for Art, drawing "in silence from the Antique for 33 hours a week."

The present exhibition has been organised by Gerald Taylor of the Ashmolean, even down to not just writing the catalogue but doing the typesetting (taking advantage of facilities at the University Computing Centre). That it is fully illustrated is thanks to help from the Paul Mellon Centre for Studies in British Art.

Messiaen/Westminster Cathedral

Andrew Clements

The premiere of *Saint François d'Assise* in Paris in 1983 appeared to provide such a comprehensive and monumental culmination to Messiaen's creative career that no one would have been surprised had the composer announced that he was contemplating no more major works. But a year later he had completed his most substantial organ work to date; *Livre du Saint Sacrement* was given its first performance in Detroit earlier this year by the German organist Almut Rössler, and on Tuesday Jennifer Bate gave the British premiere in Westminster Cathedral, to a vast audience which included the composer himself.

The 18 movements which make up the *Livre* play for 105 minutes, easily outstripping scores such as *La Nativité* and *Livre d'Orgue*, as well as its immediate predecessor in Messiaen's output for organ *Méditations sur le mystère de la Sainte Trinité* of 1972. As the title suggests it is a devotional work, falling into three parts: the first four movements are described by the composer (in Felix Aprahamian's translation) as "acts of adoration before Christ, invisible but really present in the Blessed Sacrament;" the following seven portray in chronological order Christ's Mysteries from the Nativity to the Resurrection, while "with the twelfth piece we quit a chronological order of the events in Christ's life and we are in His actual Church to pray to Him in the Blessed Sacrament."

Where the opera brought together all the techniques of Messiaen's vocal and orchestral music, so *Livre du Saint Sacrement* synthesises the elements of musical language developed in his organ works over more than 50 years. The construction is cast in blocks, excluding development; material may be juxtaposed or superimposed, but never treated motivically. Birdsong is overlaid on plainsong fragments, chord progressions are drawn from modes of limited transposition and contracted resonance; one movement uses a mode of pitch, duration and timbre, while twice Messiaen resorts to the "musical alphabet" he developed in the *Méditations* to find precise equivalents for key words and phrases, to express the inexpressible in musical terms.

For it's on the listener's willingness to go along with the ramifications of Messiaen's theological symbolism that the entire success of such a work depends. By setting up his hierarchy of images he invites almost programmatic appreciation; the abstract argument, the aesthetic value of placing this musical element next to that, appears to have become almost secondary. Perhaps it has always been so in Messiaen's art but now, because the language is entirely familiar and there are no radical innovations to be teased out, it seems scarcely enough.

Some new birdsongs are to be found here, desert dwellers notated in Jordan and Palestine; there are several movements whose aural evocations of landscape recall sections of *Catalogue d'oiseaux*. There are also at least two brilliant display pieces which may well be detached from the cycle by organists keen to prove their abilities: "The Two Walls of Water," a portrayal of the parting of the Red Sea, is a vivid, exciting piece, while "Offering and Final Alleluia" has kinship with other Messiaen dances of celebration.

Otherwise, however, the parade of musical objects lacks rhythmic variety and pace; there is just too much music built out of slowly changing chordal streams. Some of the textures seem to demand a reedier, more astringent sound than the Westminster Cathedral instrument possesses; but in general Jennifer Bate drew a fascinating range of the colour from the score, illuminating its facets and sustaining its *longueurs* with remarkable tenacity.

Principia Scriptoriae/The Pit

Claire Armitstead

With *Principia Scriptoriae* American dramatist Richard Nelson arrives on the London stage and demands to be heard. He speaks with a voice primed with the cynicism of the spy swap era and alive to the depths of human suffering that lie beneath the veneer of the international bargaining table.

The play is a sophisticated reflection of innocence and experience in the political arena. Set in an unnamed Latin America country, it opens on a prison scene enacted between two young left-wing writers imprisoned by the right-wing regime for their part in an illegal demonstration in 1970. Bill, an inspired performance from Anton Lesser, is a hot-air balloon of campus rhetoric which swells his diminutive form into edicts on the state of the nation and art in equal measure.

His co-detainee, Ernesto, is a child of the local intelligentsia, who has been educated in England by a father known to hobnob with a poet with fascist sympathies. The product of a rigidly stratified society, Ernesto is played by Sean Baker with a slightly restrained dignity.

The comic naivety of a pair of know-it-alls caught in forces they do not understand is cut down, during the course of the first act, by an undercurrent of violence: a prisoner with a gaping face wound is thrown into their cell; their conversation is punctuated by the stutter of gunfire and the semi-human howls of a tortured man. Provoked into staging a prison protest the violence rounds on them, leaving them brutally, horrifically mutilated at the close of the first act.

The short, sharp scenes are marked by an illuminated overhead hoarding proclaiming the principles of writing, as if from a do-it-yourself textbook. "Know your reader," it proclaims as the two men comfort each other in prison: "It should also be entertaining," it continues as the second act opens, in a rather up-market urinal, 15 years on.

The intervening years, we learn, have seen a swing to the hard left. Bill is now a successful journalist; Ernesto is secretary to his country's minister of of culture. They meet up again around a table as a delegation of writers bargains for the release of a jailed poet. The price, in a barely concealed twist of the political knife, is to be a second, illiterate "poet" held in Honduras; not actually a poet at all.

David Jones directs the play with an eye alive to the power and poetry of Nelson's writing.

But the evening belongs to Lesser and Baker, and it is to them that it returns in a final, stunning flash-back scene in which, bound and blindfolded, they gibber to each other as they face their ultimate prison ordeal: the guns of a firing squad.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

October 3-10

Exhibitions

WEST GERMANY

Essen: Villa Hügel: The chairman of Krupp, Dr Berthold Beitz, who is also head of the private Ruhr cultural institute, was the moving force behind this exhibition, helped by Mr Erich Honecker, the East German leader. The Villa Hügel, 114 years old, has been redecorated for the exhibition. This is the first show organised by the institute, founded three years ago on the initiative of the Krupp Foundation. The treasures from the period 1694-1733 of great Electors are on loan from Dresden's state cultural collections. The eight royal collections are presented separately with characteristic master works. There is also one of the oldest and most complete coin collections in the world and a huge collection of arms and copper engravings by Boucher, Chardin, Piranesi and Tiepolo. The picture gallery includes works by Titian, Poussin, Velasquez, Rubens, Rembrandt and Cranach. Ends Nov 2.

Frankfurt, Schirn Kunsthalle und Kunstverein: Prospect 86. This exhibition shows the turning away from expressionism with 100 artists from Europe and the US represented. All works were done this year and include artists such as Rob Scholte, Salvo, Donald Baechler, Christa Näher, Miquel Barcelo, Anthony Gormley and Luigi Stoisa. Ends Nov 2.

PARIS

What is Modern Sculpture?: Rather arbitrarily, the American art critic Margit Rowell answers by excluding Rodin and Maillol from the 1900–1970 period. Her criterion is a break with tradition, and tin, welded wire, plywood and string are next to sculptures in bronze and marble. There are some splendid works by Picasso and Matisse, Brancusi and Giacometti. The exhibition continues from the 5th floor to the forum in the basement with Beuys and Arte Povera and is unspeakably depressing. Centre Georges Pompidou, Closed Tue (42771112) Ends Oct 13.

Mediaeval art in Paris: The abbots of Cluny built their magnificent late gothic town house in the heart of the Latin Quarter on three blackened ruins of Roman baths. Now a museum, it houses mediaeval works of art: goldsmith's work, carved altar pieces, ivories, fabrics, with two English royal standards embroidered in gold on red velvet. In a rotunda of its own is a set of the Lady and the Unicorn *mille fleurs* tapestries – an allegory of the five senses, one of the masterpieces of mediaeval art. Musée de Cluny. 6 Place Paul-Painlevé, Métro Odéon.

Brueghel dynasty: the blend of crude realism and poetic vision proper to the Golden Age of Flemish painting is shown in the confrontation of the two Brueghel brothers, Pieter the Younger and Jan the Elder. Galerie d'Art St. Honoré, 267, Rue Saint Honoré (4260 1503).

ITALY

Venice: Palazzo Ducale: China In Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (25–1279 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most have never been out of China. The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed e fascinating light on life in the period. Ends March 1987.

Rome: Museo Nazionale delle Arti e Tradizioni Popolari (Piazza Marconi 8, eur): "Precious Ornaments." A large collection of Folk jewellery from all over Italy, dating from the turn of the century, illustrated with charming photographs of heavily bejewelled countrywomen. Until Nov 30.

Venice: Museo Correr (Ala Napoleonica): Le Corbusier: painter and sculptor: Over 200 of his lesser-known works, including sculpture, watercolours, pencil drawings and collages by the great French/Swiss architect. Le Corbusier loved Venice and visited the city frequently. The exhibition includes his project for the Ospedale a San Giobbe, in Venice, designed during the last year of his life (1965). Ends Oct 30.

SWITZERLAND

Lugano: Villa Favorita: Goya In Private Collections: 50 paintings by Goya, normally impossible to see and which have never travelled before. The exhibition is organised by Baron Thyssen and the Spanish Minister of Arts. Among them is the portrait of the Contessa di Chinchon, considered the best of Goya's paintings of women. Ends Oct 19.

NETHERLANDS

Zutphen, Stedelijk Museum. An exhibition commemorating Sir Philip Sidney, the "flower of English chivalry", who died 400 years ago attempting to liberate Zutphen from the Spanish. Ends November 9.

Eindhoven, Van Abbe Museum. Currently drawing a record number of visitors to the 50th anniversary 'Eye level' exhibition of its entire collection. The 1,500 works read like a roll-call of modern art, from Chagall, Kandinsky, Braque and Picasso to Klein, LeWitt, Baselitz and Kiefer. Ends Nov 9.

Amsterdam, Van Gogh Museum: Gauguin and his Circle. 85 prints by artists who gathered round Gauguin in the Breton village of Pont-Aven. Ends Oct 20.

The Hague, Gemeentemuseum: a display of 50 pieces of modern glass from the museum's collection. Ends Nov 9.

Amsterdam, Tropenmuseum. The Human Story charts evolution from the origin of the universe, through the age of the dinosaurs and the appearance of the first primates, up to the present day. Video programmes, life-size reconstructions of early hominids (including Leakey's famous 'Lucy') and touch-screen displays illustrate this detailed story of mankind previously seen at the Commonwealth Institute. With an introductory section on the theory that a meteorite impact 64 million years ago led to the extinction of the dinosaurs and cleared the way for the birds and mammals. Ends Oct 19.

VIENNA

Dian – a submerged kingdom of China: According to the organisers this is the first exhibition in the west of treasures from the Dian Kingdom, which existed more than 2,000 years ago in south-west China. Unusual and spectacular gilded bronzes were discovered only 30 years ago in Dian burial grounds. Exhibits include dramatic groups of men and animals, showing scenes of war, dance and celebration. Also on show are weapons, tools, musical instruments, agricultural and weaving equipment, bronze drums and jewel boxes from what must have been e vigorous culture. Museum of Mankind, Neue Hofburg. Ends Nov 23.

BRUSSELS

When the posters went to war: American posters through the two world wars. Musée Royale d'Art et Histoire. Ends Oct 12.

NEW YORK

Museum of Modern Art: Vienna 1900, including 700 paintings, designs and objects, covers silverware, jewellery, furniture and ceramics, with the Successionists like Klimt and his Golden Style, as well as Kokoschka and Schiele in a comprehensive exhibit that illuminates the birth of modernism. Ends Oct 21.

Cooper Hewitt Museum: Hollywood, Legend and Reality celebrates the history of America's greatest popular culture in all its excesses and intimacies through the various crafts like production, direction, editing and special effects. Ends Oct 25.

Bravo Carnegie Hall: While Carnegie Hall is being renovated, the exhibition space at the Performing Arts Library at Lincoln Center honours the venerable venue with original architectural drawings and cut-away models along with e tribute to violinist Isaac Stern, president of Carnegie Hall, and memorabilia like the original programme of 1891 and other programme covers.

International Center of Photography: David Hockney's photo collage show, called A Wider Perspective, consists of vistas captured in serial photographs put together with playfulness by the artist. Three films of interviews are also on view. Ends Nov 9.

WASHINGTON

Hirshhorn Museum: More than 130 paintings, sculptures and drawings from a 5,300 donation by the museum's founder Joseph H. Hirshhorn on his death go on view with works by major contemporary artists including Ilem Kooning, Arshile Gorky, Frank Stella and Henry Moore. Ends Nov 16.

CHICAGO

Art Institute: Ten centuries of Hungarian goldsmithing is displayed in a visiting exhibit of 89 pieces covering religious and secular commissions including medieval and renaissance chalices, cibrial, monstrances and reliquaries as well as suites of jewellery. Ends Nov 7.

TOKYO

Drucker Collection of Japanese ink drawings: 140 works from Peter Drucker's collection include masterpieces from the Kamakura to Edo period (12th-19th century). Matsuzakaya Art Gallery, Matsuzakaya Department Store, Ueno branch. Closed Wednesdays.

Saleroom/Antony Thorncroft

Vienna's second team

Sotheby's gamble to build a sale around the lesser known artists working in Vienna at the turn of the century paid off handsomely yesterday. The feeling was that Schiele, Klimt and Kokoschka stole all the attention but that there were other painters doing almost as interesting work. The saleroom succeeded in convincing buyers this was so.

"Night rises from the sea" by Wilhelm List, a very atmospheric work of a nude female figure, which owes much to Klimt but has its own dream-like detachment, sold for £88,000, creating one of the many artist auction records. Another work by List, who has obviously been re-discovered by this sale, "A view of the Lunzersee," went to Marlborough Fine Art for £82,500, treble its estimate.

There was an unattractive work by Schiele in this auction, a view of the dome of a convent close to his youthful home. It was probably included in his first exhibition in 1908, and sold within estimate for £77,000, way below the £1m-plus which his later portraits command. It will return to Austria.

"Swans on a blue lake," also by Wilhelm List, sold for £66,000 and "Somnium juventutis" by von Hartenkampf, which shows a floating girl clutching a red rose against a blue mist, made £46,200, double its estimate. In a more conventional manner "A tree lined walk in an Italian town" by Robert Russ sold for £28,600. The auction totalled £982,520, with only 13.9 per cent unsold.

The coin market seems in good heart, judging by the prices paid at Christie's on Tuesday afternoon. Dealers and collectors are in town for the numismatic trade fair, Coinex, and they had money to spend. The auction totalled £328,113, with just 14 per cent unsold.

The top price was the £18,700 (on target) which secured for the American dealer, Superior Coins and Metals, a gold aureaus of AD 295 from the reign of Domitius Domitianus. It is very rare, mainly because this Emperor reigned for less than a year. Another rare coin to do well was an electrum state bearing the head of Aphrodite produced in Cyzicus, now nothern Turkey, around 350 BC. It more than doubled its estimate, at £11,000.

A gold siege coin struck by the Dutch in Pernambuco, new Recife, in 1645 when it was under attack from the Portuguese, doubled its estimate at £7,480, while a similer did equnally well to make £7,150.

Accountancy Appointments

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TECHNOLOGY: Computing

BY ALAN CANE

Girobank opts for US credit card software

NATIONAL GIROBANK, the retail banking arm of the UK Post Office, is to purchase US-written software to manage the processing of its credit card operations.

The agreement was signed earlier this week between Mr Walter Simpson, director of strategic planning for Girobank, and Mr Michael Elson, director of the financial services division of the UK computing services company CAP.

CAP has exclusive rights to market the US software, called Cardpac, in Europe and Far East territories.

Girobank is the first UK financial institution to buy the Cardpac software.

Girobank and other UK Visa operators — Bank of Scotland, Standard Chartered Bank and Trustcard — have been forced to look for their own means of processing transactions following Barclaycard's decision last year to cease offering its Visa processing services to other companies.

According to CAP, Cardpac enables banks, building societies, financial institutions and retailers to handle credit and debit card processing in-house at lower cost and with greater flexibility than through a computer bureau service.

Cardpac was written by Credit Card Software (CCS), a US software house, based in Maitland, Florida.

CAP says Cardpac, launched in 1984, is the most recently designed products of its kind. "Of the last 20 direct sales in the US market, CCS has won every one." Cardpac currently has over 40 US customers, including Citibank and HFC Trust.

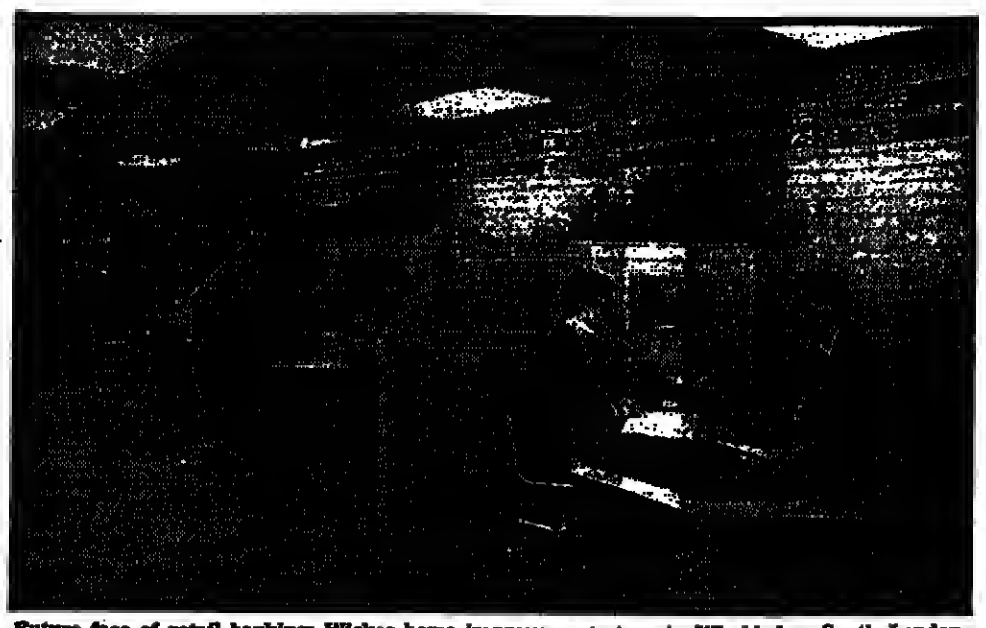
It is a fully on-line system designed to handle both private label (deparment stores, for example) and VISA/Mastercard applications as well as merchant accounting, automated collections management and credit application scoring. It can also be linked to automated teller machine software like Base 24.

The system runs on IBM mainframes and holds from 50,000 to 3m accounts on file.

The software is priced at about £500,000. The cost of the National Girobank order has not been revealed.

Citicorp takes UK short cut to customer profiles

British designed system overcomes the problem of how to integrate information from separate bank accounts



Future face of retail banking: Wickes home improvement store in Wimbledon, South London, uses banking hardware and software provided by Western Trust & Savings to provide a range of current account services

CITICORP, the largest and most technologically advanced bank in the US, is spending up to £3m on banking software designed by a UK subsidiary of the Royal Bank of Canada.

The software was designed by Western Trust and Savings to automate its own retail banking operations and is claimed to go a long way to solving one of the most intractable problems in electronic banking today—the integration of information from many separate accounts held by a customer, enabling a "marketing profile" of that customer to be drawn up.

Called "Tamar," the system combines over 1m lines of computer code with the power of a Stratus fault tolerant minicomputer, to support activities such as account openings, relationship management, bad debt management and strategic planning.

According to Mr Charles "Chuck" Siegel, head of technology for Citibank Savings, the UK Citicorp subsidiary which has installed its first Tamar system: "We believe Tamar will be vital to us, meeting at least 75 per cent of our forecast consumer banking software requirement."

Western Trust & Savings (WT&S), a comparatively small licensed deposit taker, is nevertheless one of the UK's most technologically aware banks, chiefly through the efforts of its managing director, Mr Bill Murphy, a computer specialist turned banker. It was a founder member of the "Link" automated teller machine sharing consortium.

He explains that the bank started with a clean sheet of paper when it spelt out the specifications for Tamar; "It follows the customer life cycle through from the initial enquiry," he says.

The system's detailed design work was carried out by Unilever Computer Services (UCSL) which has since become part of the General Meters of the US through its purchase by Electronic Data Systems (EDS).

Programming was carried out in India by the Indian computer software company, Teta, an early example in the UK of "off-shore" programming.

Citicorp has bought the licence for the first system at Citibank Savings, and taken an option on 10 more licences worldwide. Each licence costs in the region of £660,000. Software of this value is rarely "sold" in a conventional sense.

The customer purchases the system license which entitles him to run the software and to receive upgrades and maintenance.

Technically, Tamar is a computerised list of customers, so constructed that the bank can maintain a personal view of the customer irrespective of the number of accounts he or she holds.

Mr Murphy accepts that existing files have to be translated into this customer database, but says that WT&S has software to help the process along.

The system runs on IBM mainframes and a conventional industry database system, Adabas.

What makes Tamar different is the special software written for the "front-end" processor, the Stratus machine, which makes possible sophisticated query processing and management reporting.

Critics of the system argues that it is comprehensive at the expense of modularity. "Bill Murphy is very much a bells and whistles man," one said.

"When you take Tamar, you have to take everything in one go. You cannot build up in phases. And you are dependent on a number of separate suppliers for support and maintenance—one from IBM, one from Adabas and so on."

Tamar is not confined to use in banks, but could be used by any company offering retail financial services. Wickes Property and Financial Services in Wimbledon, for example, uses it in its home impovements store.

Marked success for single-task machines

"DOWNSIZING", the practice of moving computing applications from large, expensive machines to smaller ones where they can be run more cost effectively, is reaching the limits of its development with the emergence of "application engines"—low cost computers dedicated to a single task.

The £399 Amstrad word processor is an example. The machine is a fully fledged personal computer but, stripped to the essentials, functions only as a word processor, in which role it has proved outstandingly successful.

Another success story is the Psion Organiser, a calculator-sized, hand-held computer which is marketed principally as a portable electronic data bank.

The latest version, the Organiser II at under £100, is a fully fledged miniature computer complete with its own operating system. Some of the most interesting uses of the device, however, use only its ability to search rapidly an extensive batch of information.

British Rail, for example, has started to use a version of the Organiser for checks on dubious rail documents, tickets, rail passes and the like.

In the most publicised application, Marks & Spencer put an Organiser on every till, first to check the validity of credit cards offered over the counter and then to look up the price of every item of goods in the store.

In these applications, the machine is simply being treated as a high speed file searcher. A "negative" file of suspect card numbers (or rail pass numbers) is loaded into the machine at the beginning of the day in the form of a memory cartridge.

It takes only seconds to check whether a doubtful card proffered at the till is included on that list.

Dr David Potter, managing director of Psion, says the company is selling as many of the Organiser IIs as it can make: "We are limited simply by capacity. We can make 5,000 a month and we have sold 20,000 in the four months the Organiser II has been available."

From February, production will be stepped up to 10,000 a month.

What makes the new machine especially suited to these downsizing applications is the built-in operating system. Dr Potter sees a wide range of uses for the Organiser, but Psion is clearly not geared to the production of the specialised software for each application. The British Rail development, for example, was entrusted to Detron, one of Psion's approved software specialists.

The operating system makes it considerably easier for an independent software house to develop applications on the Organiser without continual reference to the technical experts at Psion.

A number of banks are already evaluating the Organiser as a counter aid, fitted with software to calculate overdraft repayments, mortgages and so on.

Three major insurance companies in the UK, two banks and two building societies are already assessing a new and even cheaper device from a new company BMC. This takes the concept of the application machine to its limit.

According to BMC managing director Mr Eric Makereth, insurance sales could be boosted by computer help—instant calculation of the terms of an insurance proposal for example.

Conventional portable computers can do the job, but Mr Makereth says they are too expensive and too complicated.

His answer is an "insurance machine," a calculator-sized device, with a minimum of control keys, which guides the saleman through the preparation of a quotation for any kind of insurance.

It was designed by electronics specialists in the University of Munich, is built using memory chips from Toshiba of Japan and processor chips from Motorola of the US, and assembled in Hong Kong.

The device, complete with plug-in software module, costs only £85.

At that price, Mr Makereth believes it could have significant multiple sales in insurance companies and banks. Every salesman could carry one in his briefcase.

BMC has already developed a range of software modules, including life insurance and pensions planning, and others are on the way.

Amstrad sells through High Street retailers, Psion is in London on 01-723 9408, and BMC on 0743 248515.

Need for broader research into basic artificial intelligence

EXPERT SYSTEMS, computer programs designed to give "reasoned" answers to questions asked of a database of specialised information, have enormous potential to improve the quality of life, but without more research into basic artificial intelligence, that potential will not be reached.

This was the central argument put forward last week by Dr Alan Bundy, reader in artificial intelligence (AI) at Edinburgh University, as he gave the 1986 Insight Award Lecture.

He warned that the UK, which had been at the forefront of developments in artificial intelligence, should not concentrate all its efforts on short-term applications (such as expert systems) at the expense of more profound research in knowledge engineering.

He said: "It is vital for the future health of the UK economy that it does not put all its AI research eggs in the one basket of short-term applications. Without support for basic research, we will rapidly reach the limit of what we can do in terms of the ability, size and reliability of the applications we can build."

But he urged that it was also important for fundamental researchers to be aware of short-term applications.

The Insight award and lecture is sponsored by the UK computing services company Systems Designers.

Dr Bundy likened existing expert systems to footbridges across village streams: "Useful for people who like to travel in style, but not essential if you are prepared to get your feet wet."

To improve these systems — and he emphasised they could be harnessed to causes good and bad—the interface between the system and the user would have to be improved and their reliability guaranteed.

What was needed was scientific knowledge about artificial intelligence so that it could be developed into an engineering science.

He argued the importance of mathematical logic to AI research: "Some of us have proposed to the Science and Engineering Research Council that it run a specially promoted programme in logic for information technology. This would fund logicians to work closely with the computer scientists in the application of logic to AI. We hope that this will lead to the deeper understanding of existing AI techniques, an increase of their power and range and the development of new techniques, all based on a solid theoretical foundation."

His own research group, he said, used logic to build computer programs which emulate mathematical reasoning. The techniques being developed were being applied to the automatic synthesis of computer programs.

The group was working on a new class of expert system called the "intelligent front end," he stated. This was designed to guide people in the use of a computer program even if they did not understand the underlying mathematics: "An intelligent front end might guide a psychologist in the use of a statistics program," explained Dr Bundy.

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Thursday October 9 1986

Key to change in schools

FEW PARENTS with children in the largely ailing state school system would give a standing ovation to Mr Kenneth Baker, Education Secretary, for his Conservative conference speech on educational reform. While the Tory faithful were brought to their feet by his vision of a system controlled by individual schools' heads and parents' representatives, instead of local politicians and bureaucrats, the vision is unlikely to be of practical benefit to most children alive today.

Its realisation would depend not just on the Conservatives winning the next election but on their new Government finding the will—which none has found before—to wrest state schooling from the hands of more than 100 fiercely opposed local councils, many of them Tory controlled.

It is true that there is a less distant promise of substance in Mr Baker's plan to found 20 city technical colleges independent of local authorities although financed at least partly through Whitehall. Ha "envisages" that the first will open in autumn 1988. Once the rest were set up, the colleges would cater for perhaps 16,500 selected pupils aged from 11 to 18 living in town areas including thosa suffering badly from unemployment and most strongly under Labour's local control.

But tha surface of the educational problem can barely be scratched by setting up 20 semi-independent specialised schools. There are well over 1,000 times that number of primary and secondary schools in the state system, many of which are foundering for want of money and even more so of effective management. Their difficulties are unlikely to be lessened, let alone remedied, by visions of higher educational attainment and seemly discipline brought about by handing greater managerial *power* to *heads* and parent-governors.

Academic mainstream

The proposed colleges could nevertheless be one tiny step in the right direction. It would, of course, extend the selection of children by some criterion of ability for a particular type of school, and so breach the principla behind fully comprehensive secondary education. While the comprehensive movement *has been dominant* in education for 20 years, however, the underlying principle remains far from being fulfilled.

Its essence was the vision of a schooling system in which children of widely differing abilities, both practical and academic, would be enabled to develop their individual aptitudes and interests to their full capacity. By contrast, the comprehensives which have coma into being have mostly concentrated on the main elemants of tha old-styla grammar-school curriculum although reducing its difficulty — and therefore its educational effectiveness—for the majority of children

There has been little increase in the school system's effort to motivata pupils whose backwardness at scholarly subjects is compensated by practical talents of a kind important in a country with ambitions to make innovative use of edvanced technology.

Adequate start

Indeed, the failed hopes of the comprehensive principle bavelessons for Mr Baker. He evidently sees the 20 city technical colleges as tha nucleus of an alternative structure of schooling which emphasises practical work in technology, science, business studies and design. But tha failure of tha change to a comprehensive structure to provide for children with abilities in those directions shows that setting up a different structure is not enough to change tha content of what is taught within it.

Changing the content will depend on whether tha new schools can be equipped from the ontset with curricula, methods and, above all, staff that are capeble of teaching tha alternative topics effectively. Those necessities can*not simply* be bought for money. Competent teachers of technology, design and crafts, for example, are in severely short supply across the schooling system as a whole, and it is hard to see how more can be provided to give the new schools an adequate start in the present decade at least. Unless Mr Baker has adequate answers to such questions, even his short-term vision of the colleges is unlikely to be *fulfilled.*

The dilemma over Mexico's debt

BEFORE THE end of this month, Mexico's 500 creditor banks will have to decide wbether they are willing to lend a further $60bn to the government of President Miguel de la Madrid.

The choice will he e difficult one. The new loen would help Mexico continne to pay interest on its $97bn foreign debt. It would defer yet again the need for creditors themselves to provide against losses and would forestall the threat of serious dislocation if Mexico *stopped* servicing its debt.

Yet a growing number of voices in and ont of banking is now erguing that pumping yet more money into Mexico will do little to solve its real underlying problem. It would be pouring good money after bad and would do little in the long run to help Mexico restore its internatiooal creditworthiness. Painful though the process might be, so the argumant runs, the present *Mexican sitoation calls* for a new approach which could involve concessions on interest retes rether than infusions of naw finance.

Certainly tha package raises difficult issues for tha banks. Additional lending at this stage will undoubtedly add to the burden of deht service at a time when real interest rates (particularly for countries like Mexico which are dependent on a single low-priced commodity) are very high. The hankers are also worried that their money could be frittered eway through capital flight or short term economic stimulation ahead of the presidantial election two years down the road.

There is no disguising the fact that neither Mexico nor its main bank creditors are happy with the loan plan thrashed out at last week's International Monetary Fund meeting in Washington. Mexico does not like it because the package, which also involves a fresh restructuring of more than $50bn in existing debt, leaves it vulnerable to the uncertain fluctuations of internetional interest rates.

Banks do not like it because they feel they are being steamrollered into making the loan by the Reagan Administration which bas political reasons for wishing to shore up Mexico's *economy*. Many banks question whether sucb political motivation is compatible with sound banking practice. The now loan would increase their exposure et a time wheo four years of adjustmant effort hava manifestly failed to restore Mexico's credit standing, forcing creditors to conclude that its real problem is actually one of solvency rather than, as originally assumed, of liquidity.

Against this background, the debate on interest relief is coming out into the open. Interest relief, which might for example involve transforming existing debt into low fixed-interest obligations, has one major ettraction to the debtors. It would free resources currently being absorbed by deht service and finance a resumption of growth by allowing for the import of much needed capital goods.

Long fight

Of course it is also an approach that would be painful for the banking community. Banks would no longer be receiving interest in full on their loans and would have to start writing them down. Wban the *crisis* first hroke *such* a situation *would have* been unthinkable and untenable. Now, however, international bank gearing ratios have improved and some institutions bave already made sizeable loan-loss provisions. With e bit of support from the authorities the system could probably now survive the shock.

Monetary authorities in the industrial nations have long fought hard against concessions such as interest relief. They fear that, once introduced, such schemes would become the norm for all developing countries.

Moreovar, those banks that are beginning to contemplate progressive write-downs and concession on interest payments regard this as an exclusive alternative to advancing new funds. Yet, as US Treasury Secretary Mr James Baker acknowledged et the IMF meeting in Seoul last year, both Mexico and other Latin American countries will need substantial transfusions of new funds for tha forseeable future.

The general reluctance of all the participants in the Mexican scheme to go along with e new loan packaga suggests that the Baker plan is no panecea. To that extent any radical new approach that promises to free export earnings for domestic usa bears thinking about. But to exclude all possibility of new private bank financing at this stage would foreclose one of the more important elements in an overall solution. Mr Baker will no doubt be asking himaelf wbet further pressure he can apply to the banks.

Nick Bunker looks beyond the scandals troubling London's insurance market

Sea changes at Lloyd's

AN AGE of accountancy dawned at Lloyd's of London on St Valentine's Day, 1983. Shaken by the scandals of Alexander Howden and PCW, unnerved by early signs of buge underwriting losses from US liability insurance, the world's foremost insurance market then suffered the unkindest cut of all. A chartered accountant, appointed on the initiative of the Bank of England, arrived as the market's first chief executive, charged with drawing up codes of conduct for the old Lime Street underwriting Room.

Now that accountant, Mr Ian Hay Davison, is back with his old firm, Arthur Andersen. But ba has his successors. Sir Ian Morrow, the man given the job of sorting out the four-year-old PCW mess, is "a tough accountant," according to Mr Alan Lord, the market's chief executive since this spring.

Sir Ian was knighted for his role in the rescue of Rolls-Royce, which collapsed in 1970. He served as managing director in the arly 1970s of Rolls-Royce (1971) Ltd, set up to continua the trading operations of tha UK aero-engine company.

Elsewhere at Lloyd's, yet another accountant, Mr Peter Rawlins, took over last year as *managing* director of R. W. Sturge, the 92-year-old underwriting agency. It controls the biggest single slice of the £8.5bn in premium incoma expected to flow through Lloyda this year.

So a plague of accountants—who would have been unheard of in such positions ten, or even five year ago—has descended on Lloyd's. It symbolises what Mr Hay Davison was ept to call "tha quiet revolution" at Lloyd's—the modernisation of archaic, inadequate standards of accounting and disclosure to underpin self-regulation.

Behind that quiet revolution lay the urgent need to ensure that scandals like PCW could never happen again. But, at the same time, the presence of men like Mr Rawlins suggests that in aome quarters the quiet revolution has had another driving force—the need to upgrada management, as opposed to purely underwriting skills, to turn the market's practitioners themselves into leaner, more competitive beasts.

The question now is whether this revolution has gone far enough to enable Lloyd's to survive unscathed tha challanges now looming.

For Lloyd's, its 300 underwriting agencies, and the 28,944 underwriting members (or "names") who provide its capital, are now awaiting three events with varying degrees of anxiety. On November 18, the Queen will officially open the new Lloyd's HQ. In late autumn, according to Whitehall, Sir Patrick Neill is due to report on his inquiry into the workings of the market's self-regulatory system, set up under the 1982 Lloyd's Act.

And, by the end of the year, Lloyd's bopes to bave resolved the plight of the PCW names. More than 2,000 names on *syn*dicates managed until 1982 by former PCW underwriting agencies are involved. Some 400 of them face the biggest chunk of a contingent liability for buge underwriting losses, estimated at a gross £380m.

The PCW Names 1985 Committee, which represents tha 400, claims that those losses were incurred as a direct consequence of misappropriations of at least £40m by PCW's pre-1982 managers.

In fact, such losses are still a long way off. They represent a forecast of possible claims on US casualty insurance written by PCW syndicates in the late 1970s and early 1980s. Typically, such claims will not peak until five to 12 years from now, because they relate to so-called "*long-tail*" *liability* business. The nature of such business has bedevilled tha PCW affair because claims on US liability policies—to cover, say, court awards in medical malpractice suits—may not be reported for years after tha policy was written.

Additional Underwriting Agencies Number Three, formed by Lloyd's (and chaired by Sir Ian Morrow) to look after the PCW names' interests, may however be sitting on premium income of £100m (though it has not confirmed this figure) so it could be eight years or so before the PCW names are called on for extra cash.

Inquiries focussing on PCW, bowever, tend to evoke weary exasperation from leading figures in the market, wbo want a swift, clean, final solution to the affair. "The wbola PCW affair is tortuous from beginning to and," said Mr Rawlins. "There are issues that need to be raised at Lloyd's that far transcend PCW."

This is wbere the accountants and the actuaries come in. Mr Hay Davison's lasting legacy at Lloyd's enshrined in bye-laws promulgated by its ruling Council, was tha application of UK Companies Act standards of accounting and auditing to the 400 or so syndicates into which underwriting members are grouped.

That this was long overdua is freely admitted by men like Mr Stephen Merrett, chairman of Merret, the second biggest of the Lloyd's underwriting groups.

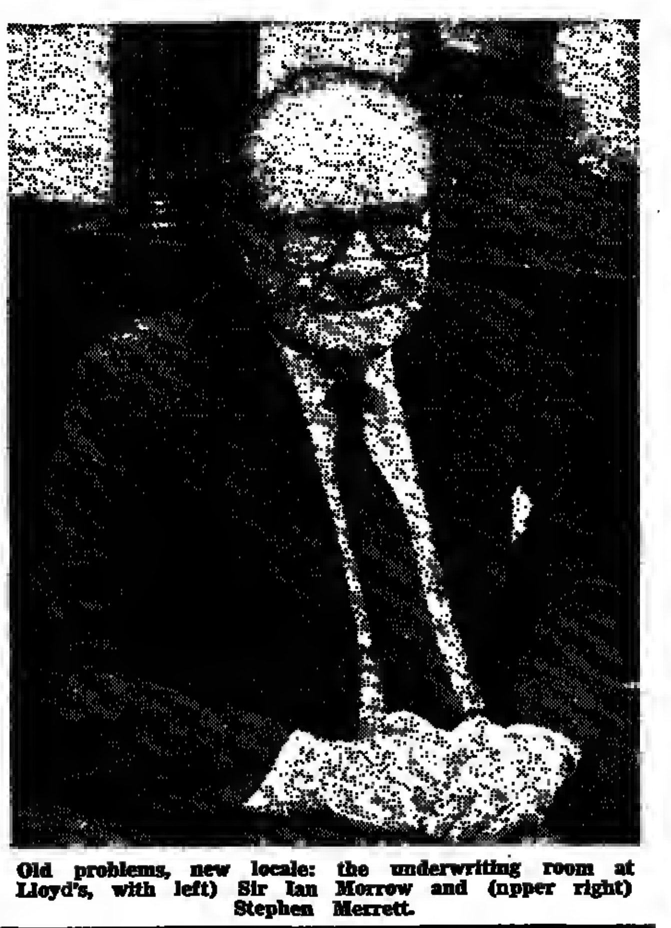
The kind of syndicate accounts that were shown to underwriting members ten years ago could be "very uninformative," be said.

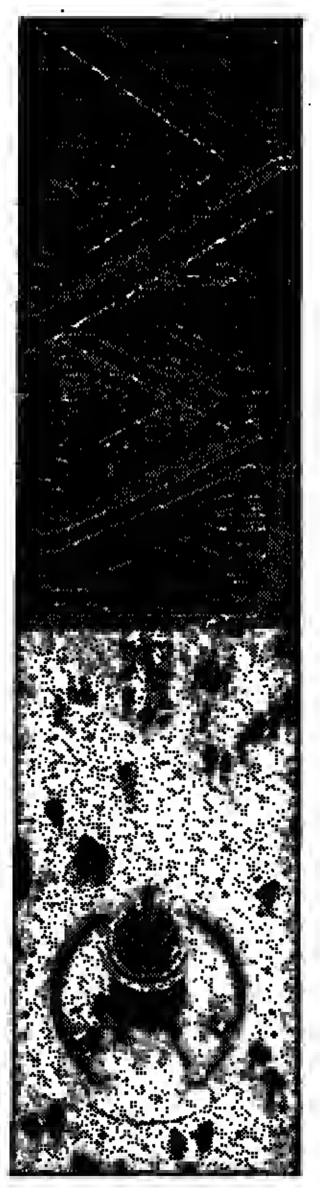
But if the pressure for tighter management and accounting standards was partly regulatory, the quiet revolntion has also been bound up with a complex of fiscal and commercial problems which bava dictated changes at Lloyd's.

The Lloyd's global results for 1982 and 1983—years when the world'e insurance merket was still in a downward cycle of falling premium rates—showed underwriting losses respectively of £188m and £114.7m.

Thosa losses were offset by investment income to yield an eventual profit, and Lloyd's *is* confident that future results show a big recovery reflecting the steep premium increases of the last two years or so.

Tha bottom line, bowever, was revealed in independent *syndicate performance* tables prepared by Chatset, an independent research company.





Old problems, new locale: the underwriting room at Lloyd's, with left) Sir Ian Morrow and (upper right) Stephen Merrett.

They show that nearly balf the non-marina Lloyd's syndicates left their members with losses in 1983, the last closed accounting year.

Behind this lies the painful adjustment Lloyd'a has faced—especially in non-marina insurance—to accommodate itself to *harsher market conditions. That* has been manifested, for instance, in the strategic need for many Lloyd's syndicates to expand their reservea against future underwriting lossea deriving from the kind of US liability insurance claims that have hit PCW.

Anecdotes circulate, for instance, about a syndicate which took one risk at a single premium of £50,000 — and has already had claims of £10m, with more to come.

This, in turn, explains the gradual emergence of actuaries at Lloyd's to advise on reserving against such losses. Mr John Ryan, a partner at Tillinghast, the consulting actuaries, and a former insurance analyst with James Capel, the stockbroker, suspects for instance that in 1982 the majority of non-marina Lloyds' syndicates writing US long-tail casualty insurance were inadequately reserved

Extra reserving does two things, howevar: first, it cuts profit distribution to underwriting members, adding to pressure on agencies to streamline management expenses.

Second, extra reserves are attracting increased attention from the Inland Revenue, since they involve a reduced tax charge which the Revenue now wants to see properly justified.

But the tougher insurance market conditions of the last few years arguably have raised other questions.

Lloyd's underwriters tend to bridle at the suggestion that their world role will contract from the estimated 2 per cent share of the 1983 world non-life premium total of some $464bn—or from its 40 per cent share of the world's marine insurance market.

So, according to Mr Merrett, tha question about Lloyd's rele in the world insurance scene is really two-fold.

Does Lloyd'e want to be a big player? ba said. "If it does bow can one cope with the big *syndicates that are required to* maintain the flow of business at all points of the insurance cycle?"

This is not necessarily a problem of the merket's overall capacity.

In spite of PCW and its other scandals, some 3,087 new names joined the market on January 1, 1986, taking the total to 28,944, and a further 3,627 (of whom abont 3,000 will probably be accepted) bave applied to join in 1987.

Tha problems to which Mr Merrett is pointing—and abont which there is scarcely a consensus—are more to do with management and the market's structure. On the one band, Lloyd's is a highly fragmented, competitive community.

Neither Sturge, nor the Merrett Group manages through its own syndicates more than 10 per cent of the market's total premium income. The biggest balf-dozen underwriting agencies account for only about one-third, according to Mr Rawlins. So the remaining two-thirds are split between syndicates managed by several hundred smaller agencies—some of which, arguably, must be too small to be efficient management units.

Structurally, bowever, the fragmentation allows Lloyd's to devolve commercial decision-*making* down to the *individuals* writing business for each syndicate in tha market's four main sectors—aviation, marine, motor and non-marine.

So it by-passes the problems faced by the big general insurance companies in motivating individual underwriters—and fosters the innovation on which Lloyd's prides itself. "It may appear archaic, but it means we can do business very fast," in the words of one marine underwriter.

But at the same time, the need *for* fragmentation has to be offset by the presence of some big syndicates and underwriting groups which can act as the Lloyd'e "market-makers," leading the market into new areas of risk.

That, in turn, creates more management strains, so that groups like R. W. Sturge, as big players, managing the affairs of thousands of names, are in a different league to most of the small agencies.

Eventually, questions like these cannot be divorced from the PCW affair—not because the PCW mistappropriations are typical of the market, but because the forthcoming PCW settlement is bound to be very expensive for the participants, and subject to fraught negotiations. As such it will be a critical test of just bow far the "quiet revolution" has gone—and how far the market has the will to show that it has put its bouse in order.

Since last December, the PCW names have been threatening to sue at least 40 potential defendants in the market (including Lloyd'e itself) for negligence or complicity in the affair.

Such litigation — which could be pursued in the US — would be "a nagging sore," said Mr Lord, because of the drain on Lloyd's management's time, the *airing again of the affair's* more sordid features, and the uncertainty that would hang over the financial situation of the litigants. So Lloyda effectively has to settle tha matter now.

One hypothetical solution at the moment is a buge "stop-loss" insurance policy, written at Lloyd's, which would limit the PCW names' losses. But an adequate stop-loss policy could require a premium of more than £100m — a cost that would have to be shared, amid tough horse-trading, between the PCW names, their potential legal adversaries, or the market as a wbole.

That leaves the shape of a settlement depending on some as-yet unanswered questions.

Will Sir Ian Morrow maintain the confidence of the PCW names — who have to be convinced that the solution is a just one? Can the PCW names' steering committee swing the 400 underwriting members behind a deal — wben any one of them could take a case against Lloyd's to the US courts and finance legal fees ont of the eventual damages? And will the underwriting magnates at Lloyd's feel able to go to their own names for money if the settlement requires a whip-round from the market?

In or out of the courts, PCW is likely to provide the best *indication* of how *far* Lloyd's is willing to puroge past errors for good.

Men and Matters

Craig's valediction

The valedictory despatch from Sir James Craig, our man in Sandi Arabia from 1979-84, was always likely to be something of a hot potato. A brilliant Arabist—"the best of his generation," eccording to friends—he never fully fitted into the traditional Foreign Office mould.

In private be could be outspoken, witty and acute in his judgments of tha Middle East, qualities which are probably reflected in his farewell despatch and may explain why the Foreign Office yesterday sougbt, and was granted, a *temporary* High Court injunction to restrain the New Statesman publishing extracts from it. Craig and the Foreign Office were aware in 1984 that some of the material could be sensitive. Accordingly it was restricted to a smaller group than that which normally receives ambassadors' valedictories.

Craig came to the diplomatic service relatively late in life wben he was sent on loan from *Durham University* to be *chief* instructor at the Foreign Office'a Arab language school in the hills above Beirut.

His grasp of the langauge is formidable, to the extent that he has been known gently to correct quite senior native speakers of Arahic. Colleagues recall official dinners where Her Majesty'e ambassador reduced the guests at his table to tears through his subtle nse of the *language and his delight* in puns.

This is couplad with e deep affection for the Arab world — some describe it as verging on the romantic. It is a quality which was recognised by a number of Arab governments and enabled Craig eometimes to make the hreakthrough in personal terms so essential to successful diplomacy in the Middle East. King Fahd of Saudi Arahia bas been beard to tell those urging bim to give up cigarettes that be would quit at the same time as the British ambassador.

But, in common with other Arabists, Craig is thought to have been at times frustrated by his inability to translate his natural advantages into wider acceptance and by the constraints imposed by his representational role.

Not that be always accepted those constraints. On one now famous occasion he drew the wrath of Golda Meir, then Prima Minister of Israel, by refuting her version of who started tha 1967 Arab-Israel war.

"But although James greatly enjoyed most of his career, it was also evident that ha often found the Arabs exasperating," said one of his former colleagues. "He was not a cool, detached Arabist, bnt neither was he in any way hlind to the failings of tha people in the region."

The regard in which he was held by tha Foreign Office, and by Mrs Thatcher, who is said to have found him refreshingly direct, was equalled outsida Whitehall. On retirement, he was widely sought by banks and other organisations working in the Middle East.

French polish

Shearson Lehman, the Wall Street investment house and part of tha American Express group, bas becoma the latest international investment banking institution to recruit an eminent figure in French public life and business circles to help its chances in tha French privatisation stakes.

Shearson'a new recruit is Simon Nora wbo, until last February, ran the prestigious Ecole Nationale d'Administration (ENA) which has groomed generations of top French civil servants and politicians. There are no less than 17 former ENA graduates (or "Enarques") in the current Frencb cooservetive cabinet of Jacques Chirac, including the prime minister himself.

"If they put the fares np again — surely less people would be at risk?"

Nora, who is 65, has also been closely involved with French business as a former managing director of the Hachette publishing company in the early 1970s. What attracted him about becoming an international adviser to Shearson, he says, was the fact that be would be able to put to use his long experience of both French administration and business at a crucial time of change and evolution for the French economy, now facing up to the challenges of new global financial markets and privatisation.

In any event, Shearson bas equipped itself with someone whose contacts in French government and business circles should boost its efforts in the fierce competition betwean international and French banks for a slice of the business from Chirac's privatisation programme. Nora, himself an Enarque, was also a close adviser to two former French prime ministers, Pierre Mandes France and Jacques Chaban-Delmas.

Though Nora's mother was called Lehman, be says that it is still a mystery whether ber family was actually releted to the American Lehmans. But banking seems to run in his veins. His grandfather, Simon Lehman, established a small private bank in Paris.

Among other investment banks to bave turned to a leading French government and business personality is Morgan Grenfell which recently hired as chairman of its Paris subsidiary, Jean-Pierre Souviron, one of the architects of French industrial policy under Giscard.

Money strings

The market in Beethoven string quartets seems reasonehly firm. An "auction" conducted by the Medici String Quartet at the Queen Elizabeth Hall on Tuesday night raised £15,200.

Top price of £4,000 was paid for Opus 130 by stockbrokers, Savory Milln, who read about the sponsorship opportunity in this column.

The Medici hit on the idea of an auction to raise money to extend their repertoire and play the entire Beethoven string quartet cycle.

Opus 135 pulled in £2,800 and Opus 18 did very nicely at £1,800. The companies or individuals involved will have their names associated with the aventual performance.

The only discordant note—11 works bave still to find takers.

Rural pursuits

I qnote from a Sussex parish magazine: "Tha Vicar said he was grateful for all the voluntary help given in and around the church. He and his wife were delighted to see Miss —— and Mr —— carrying on as usual in the vicarage garden.

Observer

Economic Viewpoint

Why UK interest rates need to be high

By Samuel Brittan

MAKE no mistake, there is a sterling crisis as severe as most we have had. The country is paying a very severe price for tha Conservative conference.

The crisis has little to do with the near 20 per cent annualised increase in sterling M3. On its own this has long been a very poor guide to inflationary trends.

The best measure of the inflationary threat for a country like Britain is the exchange rate. There is a sterling crisis because the pound has fallen sharply and continues to fall against the non-dollar currencies.

The crisis will not be over until tha Government's signals change from saying that it does not want interest rates to rise, to saying thet sterling will be defended, irrespective of whether and by how much interest rates have to change to do so.

If an increase in interest rates merely occurs as a market "happening" without any indication of a policy for sterling, most of the benefits will be thrown away, and the rise will probably have to be repeated again and again.

The most beneficial effects on confidence would occur if a sterling policy took the form of full EMS membership. An informal, *but announced* "shadowing" of tha EMS, or a target range against the D-Mark would, however, be a good deal better than nothing.

For the main reason why British short-term nominal interest rates are 5 per cent higher than American ones and 6 per cent higher than those in Germany is the insurance premium against further depreciation on which the markets rightly insist.

A leading director of the Bundesbank recently remarked that if sterling entered the EMS at present market rates it would be likely to go straight to the top of the permitted range—which would create a climate in which interest rates would be more likely to fall than to rise.

Some depreciation of sterling was necessary to offset falling oil prices and production. A drop in oil and commodity prices offset some of the inflationary effects to be expected from devaluation. But the depreciation has been more than enough, whatever the Treasury model says.

Suppose that sterling were stabilised, as it will have to be before long. Is there then a domestic case for higher interest rates, or should rates be left no higher than is necessary to keep sterling in, say, e band of DM2.8 to DM3.10?

The question answers itself. With the collapse of the monetary aggregates sterling is the one remaining guide to whether monetary policy is too lax or too strict. A sharp resurgence of sterling will be as bad as a further fall. For it would undermine "competitiveness," inhibit expansion and investment, and cause businessmen to discount even further exchange rate changes in their planning, because of their unstable and self-reversing nature. (This behaviour leads to spuriously low elasticities in formal models of the effects of devaluation, such as that of the Treasury).

Suppose, however, that the Treasury and Bank could act more freely without disturbing sterling. Are interest rates then too high or too low?

Indnstrialists complain perennially about high real interest rates; and for once the Treasury is on their side. The official vieew is that, whatever may be necessary in a crisis, real interest rates are too high; but that fiscal policy is in danger of becoming too lax.

All efforts are therefore being concentrated on preventing a give-away election Budget. Unfortunately, this preoccupation is far too macroeconomic and concentrates too much on the size of any fiscal adjustment rather than its composition. Reliefs which concentrate on the long-term unemployed or on improving the labour markets, eg, profit-related pay, would be far more effective in terms of jobs. They would be also less inflationary and less damaging to confidence than basic income tax cuts. By fighting on the wrong front the Treasury risks losing tha battle.

That, however, is by tha way. The basic belief that UK interest rates are "too high," and that therefore tha brunt of counterinflation policy must be on the fiscal side, is open to qnestion.

The last Bank of England Bulletin contained a series of pretty pictures which at first sight showed that British real interest rates, allowing for both inflation and tax (a) have risen in recent years, and (b) are higher than those in other countries.

The Bank charts suggest that post-tax real interest rates for corporate berrowers have risen from zero or negative levels, in most of the past two decades to just under 5 per cent.

The trouble with the charts is that they are based on expected wholesale price inflation, which has been temporarily and artificially depressed by falling oil and commodity prices. The persistent reader will find another final chart — reproduced here — in which the corporate borrowing rate is deflated hy the *trend increase in unit labour costs,* although unfortunately not adjusted for tax. This shows UK real interest rates, if anything, slightly below American ones. On this basis the trend increase in British rates since 1982 also disappears.

The true worries of the Bank derive not from such estimation, but from the explosion of bank credit, consumer eredit and home loans.

Home loan debt has trebled since 1979 as has consumer credit. Total household debt has risen from 44 per cent to 73 per cent of household disposabla income. Similar phenomena are worrying financial analysts in the US.

But if household debt has increased, bousehold assets have increased even more thanks to falling inflation and rising house prices and stock markets.

This is not tha end of the argument. When inflation was rampant and real interest rates negative, property values were almost bound to rise more than real debt. With low inflation and distinctly positive interest rates, this is no longer so.

The Governor of the Bank of England gave a warning recently that there is no economic law that dictates that home prices will necessarily travel in an npward direction and that it is "unwise to rely on inflation to reduce the real cost of servicing e mortgage."

The difficulty with the Bank's position is that it has no idea of what the appropriate level or rate of increases of various kinds of debt should be. Is e household debt ratio of 70 per cent too high? How fast can it safely increase? And if it is rising too fast, how can the Bank slow it down to any desired rate?

In the end it is impossible to judge in isolation any particular sector of national expenditure, whether credit financed or not. If total expenditure in money terms, that is nominal GDP, is neither too inflationary nor too restrictive in what sense other than strictly prudential can one say that a particular component is too high? Worries about particular forms of lending go back to financial market supervisors—and ultimately to people learning their own lessons—rather than monetary policy.

I must add, however, that tha nominal GDP objective appropriate to an exchange rate targeted on the D-mark is lower than one associated with dirty floating. D-mark targets will require, and will in part bring about, a lower inflation rate, thus allowing more real growth for any given increase of nominal GDP.

Are interest rates to be high and industrial ectivity inhibited because of worries about mortgage or consumer credit? Or are wa to go heck to credit controls and mortgage rationing which are inefficient, unfair and terrihy leaky?

To a non-politician, these are not the only alternatives. The present market is e highly distorted one, for the basie reason that mortgage and consumer credit ere hesvily subsidised. This drives up interest rates and gives business borrowers legitimate cause for complaint.

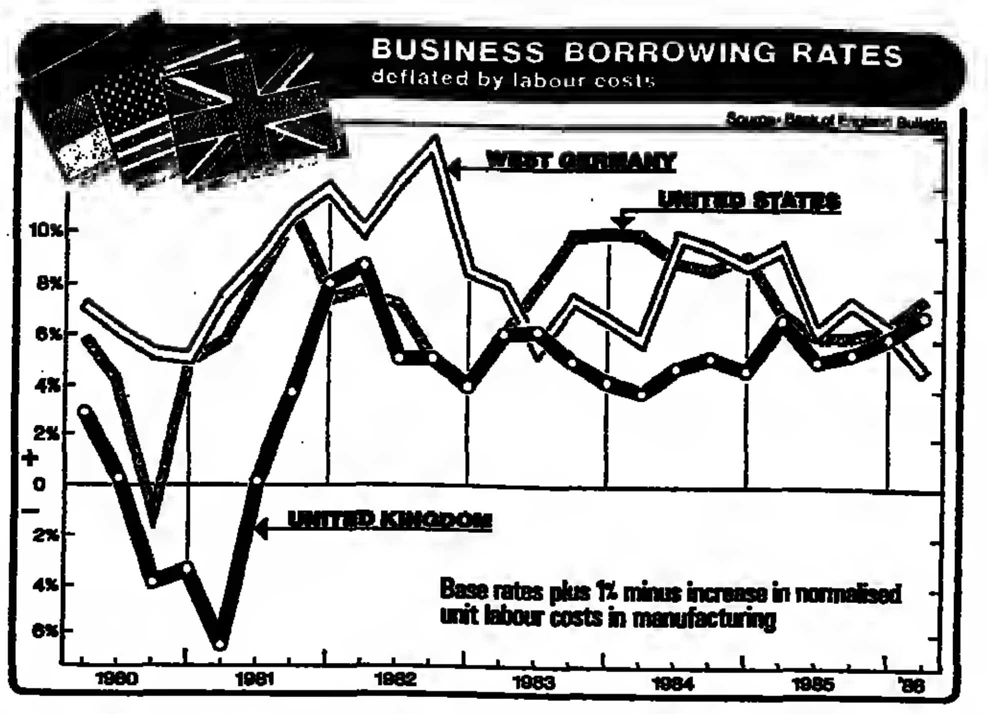
In Lord Bruce-Gardyne's forthcoming book, *Ministers and Mandarins*, Mrs Thetcher's obsession with mortgage interest relief is documented. The results show the folly of accepting as final a British Prime Minister's attempted veto on anything.

Even if the concession could be confined to home purchase, the eventual result would be to increase house prices, land values and interest rates rather than help tha home buyer. But it cannot be so confined.

In the Financial Times of October 6 there was an impressive letter from a branch manager of a clearing bank, Mr L. Lord, who wrote thet he had "never seen so many people using their mortgages to repay consumer debts, refinance their businesses and to spend on holidays and new cars, etc.... The berrowers move house and take up more money than is really required. Builders supply inflated invoices and receipts.... There is no realistic check on the destiny of the funds. Formula lending to a percentage of the valuation is now the norm.... Rampant demand for mortgages has been created artificially for political reasons and it is unfair to criticise the lenders who are merely responding to the demand. The result of all this activity is that house prices are spiralling upwards, while lending to businesses receives less attention. Job mobility has been a noticeable casualty."

These leakages are politely referred to as "net cash withdrawal." As a result of financial liberalisation, reliefs which might have been dismissed as unavoidable political gimmicks have now driven a coach and horses through the financial system.

If a phasing out of mortgage interest relief is politically impossible, then low interest rates are also politically impossible, however much the Prime Minister might wish otherwise.



Lombard

London monopoly must be broken

By Michael Coveney

AS THE autumn season in the theatre gathers pace, speculation on the health of the nation's arts industry will be renewed in the light of the recently published report, hy a committee chaired by Sir Kenneth Cork, on the professional theatre in England.

The report contains soma alarming statistics. The percentage of overall repertoire performances of classic plays in Arts Council-supported theatres has declined from 20 per cent in tha early 1970s to 13 per cent in the early 1980s. The combined share of the Arts Council allowance to the National Theatre and Royal Shakespeare Company has increased from 30 per cent in 1970/71 to 47 per cent in 1985/1986. Support for small-scala experimental work has declined and thare has been a 46 per cent decrease (since 1977-78) in funding for touring drama.

These facts prove that the moves of the Netional to tha South Bank in 1976 and of tha RSC to the Barbican in 1982 have taken their toll on the rest of the nation's theatre. More funds and liveliness hava not been generated in the regions. The Arts Council's own Glory of the Gardan report of 1984, with its proposed devolutionary shift of state patronage, haa not yet led to the envisaged spread of benefit.

The Arts Council's response to the draconian measures proposed in the Cork report will not be known until the end of November. Sir Kenneth himself is vice chairman of the Arts Council (and deputy president of the RSC) and his secretary on the report, Mr Ian Brown, has just assumed the post of drama director on the council. So it is unlikely that the proposals will be pushed quietly to one side.

As always, the cry is for more money. But there are hard recommendations here that go hand-in-hand with an advocacy of mixed economy principles. For instance, the six regional theatres that might be raised to "national theatre" status must first show that they can raise considerable, even matching, local authority funding (as indeed the Birmingham Rep and the Royal Exchange in Manchester already do). And an imposition of a 1 per cent levy on the BBC's licence fee is surely a brilliantly audacious way of passing the cost of live theatre on to the taxpayer through the agency of its major beneficiary, the BBC's own arts, drama and film departments.

Tha present Government approves sponsorship of tha arts while operating a fiscal regime totally inimical to sponsorship. In the US 27 per cent of funds for "not-for-profit" theatres comes from sponsorship and donations. In tha UK, tha NT and the RSC raise a mere 3 per cent of their total revenue through such sources.

This is a patantly absurd state of affairs, and Cork urges, along with his renewed demand for tha removal of VAT from the theatre, the encouragement of corporate and individual sponsors with many more tax benefits.

Whan the new National opened, tha slogan was "The National Theatre is yours." This is not a sentiment that has gripped tha nation; not even, ona oftan feels, tha Greater London area. The RSC, with its Stratford base, annual Newcastla season and small-scala NatWest sponsored tour (just opened in Truro and progressing to Scunthorpe via Ripon and Newhiggin-by-the-Sea) has a much higher national profile. But Cork says that unless the Treasury and other sources produce more money for the nation's theatre, it will be only fair—however disastrons tha consequences—to steal from the national Goliaths in order to feed the provincial Davids.

Tha regional building-based theatre is a post-war dream thet has been punctured not only by the harsh reality of economics, hnt also by an erosion of missionary idealism. Talented directors, writers and actors—we have them all in abundance—must reinvigorate the theetres outside London; the RSC and the Netional could certainly release several directors on e three-year contract to Nottingham or Newcastle, to Plymouth or Preston. The metropolitan monopoly on talent and funds must be broken, and the Cork report is important not least because it sounds the alarm bell before what many imagine to be the inevitable crash.

Letters to the Editor

Exchange rate parity

From Mr J. Dow

Sir,—Samuel Brittan's argument for joining the EMS (October 2) is that "having fixed a new EMS parity... pay increases would have been under effective check and not just subject to exhortation. There would have been e good prospect of maintaining UK inflation et the present 3 per cent to 4 per cent underlying rate and perhaps eventually improving on it."

But what reason is there to suppose that fixing an exchange-rate parity (or saying thet we have) will be any more effective in checking wage increases than 13 per cent unemployment — which many would have thought would do the trick; or monetary targets —which many, including Mr Brittan, once thought would be effective?

I think it is useful to consider how the individual firm would react, or the union negotiators bargaining with it. Suppose that the firm, and all other firms, continue to give wage increases well in excess of productivity growth. Suppose, too, that they all truly believe that the exchange rate is fixed forever. They should know (if they thought it through) that, gradually, in the course of years, exports will hegin to grow less fast than otherwise, and imports faster; and that output will rise less than it might. But the effect is some time off; for most firms things will become marginally, not catastrophically, worse; and moreover, all this results not from the behaviour of one firm, but from the collective behaviour of all of them. Why, then, should any one firm refuse to give the "going rate" — since this might involve incurring the high costs of a strike; or, even if not, would certainly risk unsettling its workers and seeing them drift off to firms who pay more? The costs and benefits to a firm of being "good" are quite incommensurate. Why should one suppose either that any single group of union negotiators, in face of this diffused threat, will refrain from asking for, or accepting, wage increases which, from the country's point of view, are excessive?

And what then happens? In course of time there would emerge "what in Bretton Woods parlance was called a 'fundamental disequilibrium.'" Gradually our labour costs would become insupportably higher than our competitors'; and the government — sometime — would be forced to go back on its word, and suffer the exchange rate to depreciete. In other words, despite the symbolic importance of joining EMS, firms or union negotiators—if indeed they thought through the argument that far — could not find the promise of an unchanged exchange rate a 100 per cent certainty.

These considerations may be depressing, but they are surely very obvious. They are so obvious indeed that I almost apologise for mentioning them; and do so now only because the fruitless search by intelligent people for illusory solutions can, it seems to me, be dangerous.

Mr Brittan remarks that "businessmen have seen sterling fluctuate so much that they are understandably reluctant to take the present sterling rate as e basis for planning." I myself fully agree that it would be desirablo to have "e policy for sterling"—but only to achieve a rough measure of stability, without higher ambitions.

J. C. R. Dow,
15 Crescent Grove SW4.

Funds for small companies

From the Chief Executive, Capital for Companies.

Sir,—In her article of September 29 Ms Rawsthorne draws readers attention to Dix Belgravia Plc, a new issue under the Business Expansion Schema. This company is seeking £5m and, despite the changes introdnced in the Finance Act 1986 to stem some of the abuses of the BES, sponsors of the issue have exploited the fact thet tha legislation is still not watertight and can be used by companies to raise finance for property development.

Ms Rawsthorne states that in view of the continued abuses of the BES it may be preferable to seek an alternative method of encouraging investment in small and medium sized companies. Wa strongly disagree with this view as, according to statistics, 787 companies attracted BES funds in 1984-85 resulting in an investment of over £150m, an average of £191,000 per company. Admittedly several of these companies raised large amounts of finance through public issues in a similar fashion to Dix Belgravia but the vast majority raised amounts under £100,000 from BES funds and private issues.

The best way to divert funds to smaller companies is to put a maximum amount of, say, £1m of equity raised through the BES for any one company which would make public issues such as Dix Belgravia uneconomical from the point of view of both the company and its sponsor. This simple amendment to the existing legislation should ensure that the BES will continue to provide valuable assistance to small companies and not benefit large, sophisticated, tax saving schemes.

B. A. Anysz.
14, East Parade, Leeds.

The effects of liquidation

From the Chief Executive, Esab Group (UK)

Sir,—I refer to the application for receivership by a major offshore fabricator (September 26) and also to more recent liquidations in UK manufacturing industry.

The first concern is the local community and employees in areas where there are almost no jobs or where unemployment is very high. It is worth looking at the broader impact of such a collapse on a single industry sector, a microcosm of UK manufacturing.

The major fabricator does much of his work in his own yards, but also puts out fabrication of components to subcontractors. Fabricators and sub-contractors are supplied with welding consumables and equipment either from a manufacturer or through a network of first- and second-tier welding distributors. The collapse of the main fabricator leaves substantial dehts throughout these companies, some of which may also be brought to the verge of collapse because of the "domino" relationship. Certainly bad debts increase tha risk in the sector and as a result costs will rise well above the rate of inflation.

The tonnage of steel going into major fabrications in the UK has declined steadily. Process substitution has caused demand for welding products to decline even faster. Since the first quarter of 1986 the fall in demand has quickened and there have been several bankruptcies. In a declining market the manufacturer has to incur costs of rationalisation to reduce capacity and he has to absorb fixed costs over a lower volume. The normal cost escalation measured by the retail price index has little bearing in these circumstances and prices have to rise well ahead of inflation.

Welding is hardly different from other parts of UK steel-related manufacturing. Companies either go to the wall or they increase selling prices. Increasing prices above inflation threatens competitiveness on a European or a world scale. Imports increase and decline accelerates. The downward spiral continues.

There are those who write in your columns "Does UK manufacturing matter?" The size of the UK manufacturing hase does matter. If it does not expand it will decline. In 1986, Industry Year, we are losing ground. Where is the strategy to reverse that trend?

J. G. Wilkinson.
Hertford Road,
Waltham Cross, Herts.

Snipping at red tape

From Mr C. Simeons

Sir, — William Dawkin's account (October 1) of the Government's attempts et deregulation strikes e familiar chord. A small band of civil servants intent upon the removal of unnecessary paperwork is a question of too few people tackling a monumental task based to some extent upon misconception.

De-regulation in the US is more about increased competition and control than red tape. Nor is it de-regulation which has moved so many into self-employment or the start-up of small businesses, but lack of a welfare state and food stamps.

The belief that licences are a substitute for regulation (as suggested in the White Paper) indicates a confusion as to their respective roles. The main achievement to date has been the removal of a considerable amount of form filling but even better, no additional hurdens. The penalties for late payment of VAT are very proper. VAT constitutes other people's money paid in the belief that it will he accounted for to Customs and Excise et the appropriate time and not used as an interest free loan.

One proposal that firms employing less than 20 people should be exempt from the need for health and safety policy statements fills me with amazement. The need should be related to the hazard to which employees and other are exposed and has nothing to do with numbers. Approached in this way even greater numbers of firms might become exempt although the responsible managing directors see the exercise as concentrating the attention upon hazards at their workplace.

The real burden is surely the low level at which both income tax and national insurance commence and all the paperwork involved. It is too expensive to employ people today and too expensive for many likely to earn up to £160 per week and more, to be in work as oposed to social security. Action here, coupled with accounting for VAT on a cash basis would do much to assist small firms and employment.

Tinkering about with odd regulations, unless obviously outdated, by people who do not understand them, will make little difference and end np with the wrong action being taken even if for the right reason.

Charles Simeons,
21 Ludlow Avenue,
Luton, Beds.

FINANCIAL TIMES

Thursday October 9 1986

UK Tories plan more expenditure on social issues

By Peter Riddell, Political Editor, in Bournemouth

HIGHER expenditure on key social programmes was announced by several Cabinet Ministers yesterday at Britain's Conservative Party Conference at Bournemouth, following private discussions with the Treasury about increases in future budgets.

Increases in expenditure on hospital building and to reduce waiting lists on urban renewal, and on crime prevention and assistance to victims were loudly proclaimed in a series of speeches.

This follows agreement by the UK Treasury on forward plans for certain key departments. In particular, agreement has virtually been reached on the massive Department of the Environment programme with more money for urban development, housing and environmental services than had been expected when Mr Nicholas Ridley, a noted supporter of financial stringency, became Environment Secretary in May.

In the past two years arguments about the housing budget have gone through the so-called "star chamber" arbitration procedure under Lord Whitelaw, the leader of the British upper house of Parliament, the House of Lords, and have had to be resolved either just before or at the final Cabinet before the autumn economic statement.

Ministers have detected a more co-operative pre-election attitude on the part of the Treasury. However, discussions are continuing over the financial target, and hence prices, of the electricity industry and over an extra £500m ($715m) being sought for the health service, an additional £700m plus for social security and nearly £500m for defence. An additional £100m is being sought for higher education. These issues will almost certainly have to be resolved by the "star chamber" committee starting in a week or two.

After announcing a drive to reduce waiting lists, Mr Norman Fowler, the Social Services Secretary, non-committally said the money could be found from within existing plans but added that additional finance would be welcome.

Treasury ministers emphasised that total spending will be held to the agreed figure of £144bn for 1987-88 and that any increases will be found either through savings elsewhere or, more particularly, by reducing the contingency reserve originally set at £6.3bn.

This has already been cut by £3.2bn as a result of the agreement on local council and educational spending with more already gone. It is now recognised that the reserve may be reduced to less than £2bn at the start of the year.

Mr Fowler's defence of higher health spending was warmly received by a standing ovation and Mr Ridley's proposals for the inner cities and the curbing of local authority abuses were also strongly welcomed. The only cool reception of the day was given to Mr Douglas Hurd the Home Secretary, after a debate in which he faced calls for an even tougher line on law and order.

Conference report, Page 9

Setback for UK farmers

Continued from Page 1

el of premium payments for slaughtered ewes and, according to observers in Brussels, could help trigger the guaranteed price support system operated by the Community.

No such "intervention" purchases are currently operating in the sheep meat regime but representatives of member states and the Commission are due today to discuss specific French requests for help. It is thought that aid may be introduced for the private storage of lamb.

Fermenta to sell US agrochemicals operation

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

FERMENTA, the Swedish chemicals and biotechnology group, is to sell main agrochemicals operation based in the US in two deals – one with Monsanto of the US – estimated to be worth a total of $200m-$250m.

The sale is likely to place further obstacles in the way of the previously planned takeover by Montedison, the Italian chemical company, of a majority stake in Fermenta.

The deal also means that Fermenta's remaining operations will be concentrated in two main areas, bulk antibiotics and animal health products.

The agrochemicals operations account for a little more than one-third of Fermenta group sales, which have previously been estimated at in excess of SKr 3bn ($441m) for 1986.

Fermenta said that it had signed a Letter of Intent to sell the agrochemicals business of Fermenta Plant Protection to Monsanto, one of the leading US chemicals companies.

The operation has its production plant in Greens Bayou, Texas and its headquarters in Painesville, Ohio. It has annual sales estimated at around $135m, chiefly in fungicides that can be used on cereals, peanuts and various vegetable crops. Its product range also includes herbicides.

The boards of Fermenta and Monsanto have given the go-ahead for a definitive agreement to be negotiated.

In a separate deal Fermenta said that it had reached an agreement in principle with an unnamed US chemicals company for the sale of the smaller Cedar Chemicals Corporation in Vicksburg, Mississippi, and its subsidiary New Mexico Potash in Hobbs, New Mexico. These operations have sales estimated at around $35m.

The agrochemicals operations – Fermenta is keeping about 10 per cent of the SKr 1,6bn activities – were acquired by Fermenta during the last 12 months as part of its $94m takeover in the US of SDS-Biotech, and its acquisition of Cedar Chemicals from Vertac for 3m Fermenta shares.

Fermenta said that it was selling the agrochemicals business because of the "ever growing cost and extended time required for developing and commercialising new products."

The deal would also free capital resources which would be used in the development of its animal health business.

Since the summer Mr Refaat El-Sayed, the controversial majority shareholder and group chief executive of Fermenta, has been negotiating the sale of a majority controlling stake in the Swedish group with Montedison, the Italian chemicals concern.

That deal has run into a series of serious problems, however, and yesterday's announcement is expected to put further pressure on Montedison to call off the protracted negotiations.

John Wyles in Milan adds: Montedison stressed last night that the Italian company's negotiations with Mr El-Sayed were still continuing. But after more than 2½ months, Montedison had still not received the "indispensable" information on Fermenta to enable it to confirm its valuation of the Swedish company.

In the light of the agreement with Monsanto, Montedison reserved its right to alter the terms of its offer.

Japanese car makers warned over German market share

BY ANDREW FISHER IN FRANKFURT

JAPANESE CAR makers were warned yesterday that further rises in sales to the West German market, where they have a near 15 per cent share, could endanger free trade by provoking calls for protectionism.

Mr Hans-Erdmann Schönbeck, president of the German automobile industry association (VDA), said that it was unacceptable that cars should pour into Germany from Japan, because other countries had taken steps to restrict imports.

Japanese manufacturers now have nearly 15 per cent of the German market compared with just under 11 per cent in 1983. Last year, 13.3 per cent, or 316,000, of total new registrations of 2.38m cars came from Japan.

Mr Schönbeck, addressing the American Chamber of Commerce in Frankfurt, said countries such as Italy, France, Britain, the US and Canada had placed restrictions on Japanese car imports.

While Germany's car industry had never demanded such measures, the Japanese industry, with its worldwide export interests, should behave so that "the call for protectionist defences is not provoked in the first place."

At their present level, Japanese car imports account for around half of all sales of foreign makes in Germany. While other imports had previously suffered from the Japanese incursion, the VDA said German manufacturers were being increasingly affected.

Japanese cars were well-built and well-equipped. They were often between DM 2,000 ($1,000) and DM 3,000 cheaper than comparable German makes.

"I hope the Japanese will see sense," Mr Schönbeck said. The industry in Germany had not gone to the Bonn Government for help and had no plans to do so. "But we hope the present share (of Japanese cars in the German market) will not rise any more."

French split in terrorism consensus

Continued from Page 1

ing negotiated with terrorists themselves.

The debate – the first major occasion of the new session of the Assembly – came as Middle East terrorist groups renewed their threats against France and French subjects.

The extremist Armenian movement Asala called on the Islamic Jihad movement to kill one of the French hostages it is holding in Lebanon. At the same time, the Committee for Solidarity with Arab prisoners which has claimed responsibility for the recent explosions warned of fresh attacks.

The threats were seen to coincide with the visit to Paris yesterday of Mr Shimon Peres, the Israeli Prime Minister, and with the debate in the National Assembly.

In opening the debate, Mr Chirac repeated the Government's position that it would not yield to blackmail. Mr Chirac said that France was open to dialogue but would not negotiate under pressure.

He had no fresh information to offer on who was behind the attacks but said that all the evidence pointed to the Lebanese Armed Revolutionary Faction and the family of Georges Ibrahim Abdallah who is in jail in France.

While he said that there was no evidence to implicate any Middle East government in the terrorist action, he implied that Middle East secret services could have had a hand in providing support.

Philips forecasts reduced earnings

BY LAURA RAUN IN AMSTERDAM

PHILIPS, the Dutch electronics giant, unexpectedly announced last night that it expected lower third-quarter profits. Full-year earnings could also decline for the second year running.

Disappointing sales growth of only 4 to 5 per cent and the low dollar are expected to reduce net income in the third quarter below the year-earlier Fl 175m ($77m), which was the weakest quarter of 1985.

Whether Philips' previous forecast of higher full-year earnings and turnover will be affected, and to what extent, will be announced on November 5 when the third-quarter results are officially made known.

The surprise announcement comes as a fresh blow for Europe's largest electronics company which suffered a 17 per cent drop in its net income to Fl 919m last year on depressed sales of microchips and troubles in consumer electronics.

For the first half of 1986, earnings slumped 19 per cent to Fl 352m on losses in US microchips, consumer electronics, a lower dollar and small capital goods investment.

Philips' terse statement, released after the close of trading on the Amsterdam Stock Exchange, gave no details of why sales volume would fail to meet expectation. But it is well known that the US semiconductor industry, which had battered Philips' signetics subsidiary is continuing in its cyclical slump.

The consumer electronics division, which was saved from running into the red last year only by Philips' Polygram subsidiary, also has been plagued by sluggish demand and overcapacity in the US. The weak dollar has eroded sales figures

Bell poised to raise Morgan Crucible stake

BY CHARLES BATCHELOR IN LONDON

MR Robert Holmes à Court, the acquisitive Australian businessmen, will today make a tender offer for an additional 16.5 per cent of Morgan Crucible, the British industrial components group, in a deal which values Morgan at £286m ($406m).

If successful, this tender would give Bell Resources, the Australian-based company through which Mr Holmes à Court often makes bids, a 29.9 per cent stake in Morgan. Above this level he would be required to make a full bid.

Bell is offering to buy 14.77m Morgan shares at up to 320p each. It previously held just under 13.5 per cent of Morgan.

Morgan immediately rejected the approach, saying it saw no advantage in Bell increasing its shareholding. The tender price did not recognise the group's prospects, it added.

Bell said it was not its present intention to make a full bid for the rest of Morgan for at least three months unless Morgan's board was prepared to recommend the offer or announced a major deal affecting Morgan's position. Bell would also reconsider its position if another company made a bid for Morgan. Beyond the next three months Bell has made no decision as to the policy it will adopt.

Morgan has maintained a steady growth in pre-tax profits over the past 3½ years after a dip in its performance in the early 1980s. Pre-tax profits rose to £18.7m in 1985 from £15.5m the year before on turnover up from £199m to £211m. In the first half of 1986 profits rose to £10.5m from £8.5m.

Tender offers, whereby the bidder seeks to buy a pre-determined number of shares, usually to take his holding to 29.9 per cent, are unusual in Britain though more common in Australia and the US.

Lazard's Pell's merchant bank, said the Morgan's share price had reacted strongly to any market purchases made and the tender was an attempt to win a large number of shares at one go. Morgan's share price rose 47p yesterday to 310p, 10p below the maximum level of the tender, which closes on October 16.

Mr Holmes à Court already has substantial UK interests in the shape of Associated Communications Corporation, the entertainments and property group acquired in 1982, and an 8 per cent stake in Standard Chartered Bank.

He was the forerunner of a growing number of Australian and New Zealand businessmen to buy stakes in British businesses.

BT car telephone lends an ear to drivers

By Terry Dodsworth in London

FOR MOTORISTS alarmed at the sight of fellow drivers attempting simultaneously to change gear, steer round an S-bend and dial their stockbroker, comfort could be at hand in the shape of a sophisticated new car telephone developed by British Telecom.

Called Topaz, the telephone reacts to the spoken word and dials automatically, so it can be used without the driver's hands ever having to leave the wheel.

In response to the hazards associated with car telephones, the telecommunications industry has already gone a long way. It has developed a loudspeaker system so that drivers do not have to pick up a handset, and a short-dialling programme so they can avoid wrestling with long numbers.

Topaz, however, goes a step further by allowing drivers to make outside calls by doing nothing more than talk to the telephone set.

The system will also give the executive who has everything a gadget to put him ahead in the one-upmanship game. Priced at £2,750 ($3,900), it will be the most expensive mobile telephone on the UK market and the first of its kind on sale in Western Europe.

Voice recognition, which employs advanced electronics to decipher speech patterns, is only just beginning to move into general application. Limited use is made of the technique in factories and development is well advanced in military aircraft, where the aim is to help pilots to fly their planes by giving instructions to a computer.

BT's development of the technology should put it in pole position to licence the system outside the UK, although it will face fierce competition from US manufacturers, which are well advanced on similar products.

Topaz works by associating a spoken word with a telephone number in the memory bank of the telephone. The driver pre-programmes the machine to dial a specific number when it hears a particular word – such as "home" or "office."

The launch of Topaz, which will be made under licence by Dancall of Denmark, will help maintain momentum in the UK cellular mobile telephone market, which has grown rapidly since its inception at the beginning of 1985.

Current estimates put the number of installed car telephones at about 90,000, shared roughly equally between Cellnet, the joint venture between British Telecom and Securicor, and Vodafone, the rival network run by Racal, the UK electronics group. This figure is well ahead of many of the early projections for growth in the British car telephone market.

Pretoria bans Mozambique recruitment

Continued from Page 1

to return once their contracts expire. No further recruitment will be allowed.

The migrant workers' principal employers are the gold mining industry and farmers growing citrus and sub-tropical products in the Eastern Transvaal.

The prohibition poses a severe threat to Mozambique's war-shattered economy, which relies almost totally on remittances from men employed on South Africa's mines and farms.

At present 52,000 of the 450,000 black employees of South Africa's gold mining industry are from Mozambique. Their annual wages run at about R375m ($168m) of which 60 per cent is paid directly to the authorities in Maputo who then pay returning miners in the virtually worthless Mozambican currency.

The mining industry was not consulted ahead of the Government's announcement and says it regrets the Government's decision. Is is also concerned that the ban on rehiring men could lead to tensions and industrial strife in the mines.

On Tuesday, Gen Magnus Malan, Defence Minister, threatened military reprisals after Monday's landmine blast. His warnings were repeated yesterday by Mr Ron Miller, the Deputy Foreign Minister, who said: "If Mozambique is allowing its territory to be used by the ANC, it will have to run the risk of strong reaction from South Africa in an attempt to defend itself from the ANC."

● In Harare yesterday, the Government-owned Herald newspaper reported that several thousand armed MNR rebels had left their refuges in Malawi and crossed back to Mozambique. The newspaper said the MNR was wreaking havoc in Mozambique's border areas.

THE LEX COLUMN

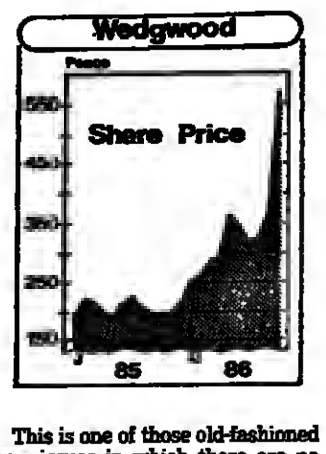
Pot luck for Waterford

A week ago, it was possible to spark off a rally in sterling and gilt-edged by ignoring the pressure on base rates and pointed deferral of EMS membership. Yesterday, the same mixture of moves looked the worse for a week's wear, contributing to a further sharp fall in the effective exchange rate.

Waterford/Wedgwood

Although the bid from London International Group was probably a dead letter, even without a veto from the monopolies commission, LIG did succeed in pushing Wedgwood past the point of no return. Irreversibly converted into a bid stock, with a fragile share register, Wedgwood decided to look after itself by finding an acceptable partner. Waterford Glass is not only a good fit, in the commercial sense, but has come up with terms at which most other bidders would have blanched. Only a suspiciously strong share price yesterday evening hinted at the possibility of an interloper trying to upset this amicable party.

That could be a pity, since there is evidently a good deal to be gained by the merger. Waterford can probably do useful things with the Wedgwood distribution channels, and the product ranges dovetail neatly. More than that, the novel structure for the new group enables Waterford to cut through Irish exchange controls, allowing its shares much improved access to the liquid London market. To give UK holders a share in Waterford that has the full advantage of dividends serviced in sterling and taxed in the UK, has probably given the new company an investment status – size and liquidity – that Wedgwood never had and Waterford could not otherwise have achieved.



Mecca

Mecca's executives like to address the City wearing "success is for sharing" badges. They should know, having made a 13-fold return on the £500,000 they invested in the buy-out from Grand Metropolitan only a year ago. It might have been better for prospective investors if the buy-out had been so structured that the managers could not capitalise totally at such an early stage in the hoped-for resurgence of Mecca. But the original deal was hastily put together under pressure from alternative buyers like Rank.

This is one of those old-fashioned new issues in which there are no golden shares or limitations on shareholdings. So there is nothing to stop Rank (or others) from bidding on day one. But just because Rank was prepared to pay £100m last November, the £102.5m value put on the company by Samuel Montagu does not mean that Mecca is asking to be mugged. Even after raising £35m the company will have £25m of net debt which was not there a year ago.

The shares have been priced in line with the existing market ratings for rivals such as First Leisure. So although Mecca can grow by expanding its margins to industry norms, the pricing turns quite a tight corner on the earnings outlook. But takeover speculation should ensure a premium when dealings begin.

Antipodean bidders

The tame back-and-forth of the traditional UK bid and defence is not for the likes of Messrs Holmes à Court, Brierley or Elliott. Just identifying the real victim gives an extra tension to the opening moves of their Antipodean game. Then the development of the attack is rarely standard. And even afterwards, tying up the financing of a deal need be no ordinary business as Elders showed yesterday with its £310m four-tranche multi-currency convertible Eurobond.

Bell Resources and IEP (UK) are still in the earlier stages of the game. The partial tender offer, which Bell has used with some success in Australia, is now to be tried on Morgan Crucible to take Bell's stake from 13 per cent to 29.9 per cent at 320p. Morgan Crucible shareholders must wonder if a full bid will follow after the three month time limit set on Bell's present intention. It is not long ago that Bell considered placing its stake so Morgan Crucible investors must already be confused – perhaps a desirable state as far as Bell is concerned. If the tender is to be followed by a bid shareholders could be offered more than 320p later. But if the tender fails Bell might sell and the price fall.

Meanwhile Ocean Transport and Trading, IEP's victim, is adapting its tactics to match the bidder's. Ocean can draw bar charts to back its argument just as well as IEP and the only meat in yesterday's defence document is a promise of an unspecified higher dividend, which does not reveal much. Though the first closing date is next week, this still looks a very phoney war.

Australian golds

It seems a shade illogical for foreign institutions to be piling into Australian gold shares, given the imminent prospect of a tax on the profits. The Australian dollar gold price has risen 40 per cent this year, and profit margins of over 100 per cent after depreciation would catch the eye even of the most short-sight taxman. A decision on a new gold tax is still expected this week or next.

At Australian corporate rates of taxation, the tax would double the price/earnings multiples of the Australian golds to about 20: this is a high price for stocks of relatively poor marketability and average lives of less than a decade.

But anybody advising caution until the Government has spoken has been trampled in the rush. This week, the US dollar gold price has done very little but Australian gold shares have been pulling the market to new peaks each day. Without doubt, much of the money is from US gold funds spurred to further movement out of South Africa by last week's congressional sanctions; but there has been interest from London, where there is no natural currency hedge – merely a feeling that the Australian dollar hit rock-bottom around Budget Day in August.

In Australia, a mixture of wish and hope has the gold tax introduced in stages, making the multiple expansion less drastic; or better that the Government might be satisfied with dividend imputation on shares not generally held for yield.

World Weather

		°C	°F
Ajaccio	S	25	77
Algiers	F	24	75
Amsterdam	C	16	61
Athens	S	25	77
Bahrain	S	33	91
Bangkok	S	33	91
Barcelona	S	24	75
Beirut	S	25	77
Belfast	C	16	61
Belgrade	F	21	70
Berlin	C	14	57
Biarritz	—	—	—
Bombay	C	30	86
Bordeaux	S	19	66
Brussels	F	18	64
Budapest	C	15	59
B. Aires	—	—	—
Cairo	F	30	86
Cape Town	S	23	73
Caracas	—	—	—
Casablanca	F	23	73
Chicago	C	20	68
Cologne	F	17	63
Copenhagen	—	—	—
Corfu	S	25	77
Dallas	C	16	64
Dublin	C	16	61

		°C	°F
Dubrovnik	S	22	72
Edinburgh	C	15	59
Faro	S	25	77
Florence	C	23	73
Frankfurt	F	18	64
Funchal	F	25	77
Geneva	S	18	64
Gibraltar	S	23	73
Glasgow	R	13	55
Guernsey	Fg	13	55
Helsinki	S	6	43
H. Kong	S	28	82
Innsbruck	[illegible]	16	61
Inverness	F	15	61
Islamabad	S	34	93
Istanbul	S	19	66
Jakarta	R	30	86
Jersey	C	16	61
Jo'burg	S	21	70
Lima	C	18	64
Lisbon	R	21	70
London	F	17	63
Los Angeles	C	29	84
Luxembourg	C	15	59
Madrid	S	22	72
Majorca	F	25	77
Malaga	S	26	79

		°C	°F
Malta	T	25	77
Manchester	C	17	63
Manila	S	32	90
Melbourne	S	13	55
Mexico City	C	23	73
Miami	C	30	86
Milan	S	23	73
Montreal	C	11	52
Moscow	C	5	41
Munich	R	11	52
Nairobi	F	29	84
Naples	F	25	77
Nassau	C	32	90
New Delhi	S	30	86
New York	C	16	61
Nice	S	23	73
Nicosia	S	29	84
Oporto	S	19	66
Oslo	F	9	48
Paris	C	18	64
Peking	S	20	68
Prague	C	13	55
Reykjavik	C	11	52

		°C	°F
Rhodes	S	24	75
Rio de J'o	C	39	102
Rome	R	23	73
Salzburg	R	12	54
San Francisco	C	27	81
Seoul	F	21	70
Singapore	T	27	81
Stockholm	F	7	45
Strasbourg	C	14	57
Sydney	S	17	63
Taipei	C	28	82
Tangier	F	23	73
Tel Aviv	S	28	82
Tenerife	F	26	79
Tokyo	F	18	64
Toronto	C	15	59
Tunis	S	21	70
Valencia	S	23	73
Venice	C	18	64
Vienna	C	14	57
Warsaw	R	13	55
Washington	—	—	—
Zurich	F	17	63

Readings at mid-day yesterday.
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

INTERNATIONAL APPOINTMENTS

Mobil promotes head of downstream operation

BY WILLIAM HALL IN NEW YORK

MR EUGENE RENNA, 42, has been elected to the board of Mobil Corporation. The move completes the top management reshuffle at Mobil which has been under way since Mr Allen Murray succeeded Mr Rawleigh Warner as chairman and chief executive of the second biggest US oil major eight months ago.

Mr Renna, who took over as head of Mobil's large downstream refining and marketing operations earlier this year, moves onto Mobil's board following the retirement of Mr Alex Massad. The latter had headed Mobil's exploration and producing operations for almost a decade and has been replaced by Mr Paul J. Hoenmans, 53, who was appointed a director of Mobil Corporation last year.

Mr Hoenmans had been president of Mobil's downstream operations before handing over to Mr Renna. Both men report to Mr Richard F. Tucker, 59, the president of Mobil Oil Corporation, Mobil Corporation's biggest subsidiary, and are considered as likely candidates for the top job at Mobil when Mr Murray eventually retires in the mid-1990s.

A 1966 graduate of Rutgers University, where he studied business administration, Mr Renna joined Mobil in 1968 as a staff analyst in the financial

Mr Eugene Renna: completes the top management reshuffle at the US second biggest oil major

analysis department of Mobil's US marketing operations. He moved through various planning and marketing jobs before being appointed manager of US crude supply 10 years ago.

Mobil, in common with all of the world's oil majors, is having to make painful adjustments to cope with the drop in world oil prices, and Mr Renna is credited with playing a key role in Mobil's cost containment programmes.

Mobil is more heavily indebted than most oil companies, and the drop in oil prices has led to a massive reassessment of its worldwide operations. The company is abandoning e number of its earlier costly diversification moves. In July it announced the sale of its Container Corporation of America for \$1.2bn, and is trying to restore the fortunes of its Montgomery Ward department store group with a view to putting it up for sale.

Despite the unsettled atmosphere of the world oil industry several analysts are enthusiastic about Mobil's long term future. Prudential-Bache Securities, the New York brokerage firm says in a recent report on Mobil that: "The combination of asset sales and other restructuring efforts, further debt reduction, continued cost control, a reasonably low-cost reserve base and surplus natural gas producing capacity should permit the company in an environment of oil prices in the upper teens, to achieve earnings of more than \$5 a share by 1988. Last year Mobil earned \$3.79 per share before restructuring provisions, and analysts are forecasting that the group's 1986 earnings will drop by a fifth.

Top change at Smurfit Paribas

By Our Financial Staff

SMURFIT PARIBAS BANK of Dublin has announced the appointment of Mr Patrick Miller as chief executive. Mr Miller, who is senior vice president of the Paribas international group, was formerly regional general manager in the US for the mid-west region, based in the Chicago branch of the Banque Paribas, the major French commercial bank.

Mr Miller succeeds Mr Gilles Trousseau who has returned to France to take over the management of the Banque Paribas branch in Marseille.

Smurfit Paribas Bank, which is owned equally by Smurfit, the Irish industrial concern, and Paribas, is a merchant bank offering services to corporate clients, including corporate finance and lending, foreign exchange and funds management.

* * *

MR SVEN-AKE JOHANSSON, chief executive of Uddeholm, the tooling steel and hydro-power concern has been appointed president and chief executive of ABV, one of Sweden's largest civil engineering and construction companies.

This follows the acquisition of Uddeholm by the AGA group.

Mr Johansson will remain with Uddeholm until the year-end.

Conflict over policy brings management move at Instinet

BY OUR FINANCIAL STAFF

INSTINET, the US eutomated share trading concern which carries information around the world, is to be a member of the London Stock Exchange and has links with Reoters, the UK-based information dissemination company, has run into a difference of opinion over the way in which the company should be run.

This has resulted in Mr William Lupien, the chiof executive, taking over the running of Instinet's domestic and international marketing, sales and trading, in place of Mr Peter D. Byrne, who has resigned from these posts and from the board of the company because of the difference of opinion.

Mr Byrne, who was chairman of the board of governors of the US National Association of Securities Dealers in 1985, has said that he is to remain in the industry in an executive management field involving domestic and international equity sales and trading.

Brown-Forman elects new chairman at Jack Daniel

BROWN-FORMAN, the Louisville, Kentucky, distiller, which includes such names as Jack Daniel's whiskey, Southern Comfort and Martell, has appointed Mr David J. Mahanes, chairman of its offshoot, Jack Daniel Distillery, Lynchburg, Tennessee.

This follows the resignation of Mr Martin S. Brown as a vice chairman of the parent, and as chairman and chief executive of the Jack Daniel division, over e matter of company policy regarding centralisation.

* * *

MR RICHARD MORTON has joined Nomura Securities International, the US offshoot of the Japanese securities house, as vice president and manager of the corporate bond division.

Before joining the company, Mr Morton was vice president and head of corporate bond and mortgage-backed trading at UBS Securities the offshoot of the Swiss bank.

Accountancy Appointments

Accountancy Appointments

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The Budget Accountant will be responsible for the preparation and regular updating of budgets, and the preparation of monthly accounts, monitoring actual performance against budget. The further development of budgeting, strategic planning and related reporting procedures, making full use of extensive computer facilities, will provide the successful candidate with considerable contact with senior management. Heading a team of ten people, responsibilities will also cover all accounts payable and salary matters.
Applicants should be young graduate qualified accountants with at least three years relevant experience in well managed companies, preferably in financial services. The ability to use initiative and to control and motivate staff is vital. Reference 3301/5

SYSTEMS ACCOUNTANT
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The Systems Accountant will join a small team analysing and specifying systems requirements from a technical and user standpoint for use on mainframe, mini and micro hardware. The work will also involve, either on a sole basis or as part of a team, tailoring packages, supervising their installation and training staff in their effective use.
Applicants should be young recently qualified graduate accountants with a strong systems bias, preferably acquired in a heavily computerised life office.
Reference 3301/6

In both cases our client is looking for candidates with outstanding potential who can make a significant contribution to the growth of the company where opportunities for career progression are excellent. The posts offer, in addition to the basic salary package quoted, the generous range of benefits usually associated with the financial services industry.
Please write in confidence, enclosing full career details and quoting the appropriate reference number, to John W. Hills, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, London EC4V 3PD.

Financial Expert for Partnership

Our client, an established forward-looking City Partnership, holds a pre-eminent position in specialised international insurance and employs around 350 people. The environment is friendly, intelligent and civilised.

Following recent growth and continuing diversification, the firm needs to recruit a talented and personable individual to provide financial and accounting expertise at the centre of its organisation.

The ideal candidate will be a graduate accountant or, possibly, banker or lawyer, with the ability, integrity and personality to work – and communicate – effectively at the highest management level. In addition to financial flair, the drive and determination to implement agreed financial plans and controls is essential.

Experience in helping to formulate the overall financial and investment strategy for a business with international elements will be a distinct advantage. A knowledge of partnership taxation and a familiarity with computer-based financial systems would also be helpful.

The proposed job description is varied and open-ended; it gives the right person the prospect of a challenging and rewarding career.

Write to me in the strictest confidence: Quoting reference 2156, Mrs. Indira Brown, Berndtson International, 6 Westminster Palace Gardens, Artillery Row, London SW1P 1RL or if you would like to discuss this opportunity, phone me on 01-222 5555; or on 01-480 6666 between 8.30 p.m. and 9.30 p.m.

APPOINTMENTS ADVERTISING

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Louise Hunter
01-248 4864

Jane Liversidge
01-248 5205

Daniel Berry
01-248 4782

CJA

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35 New Broad Street, London EC2M 1NH
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Telex No. 887374 Fax No. 01-256 8501

A key position with scope to accrue capital in a stable part of the Gulf.

ALPS

CHIEF ACCOUNTANT

GULF – MIDDLE EAST **SALARY CIRCA £27,500 FREE OF LOCAL TAXES**

MAJOR INDUSTRIAL COMPLEX

Applications are invited for the post of Chief Accountant in a major industrial complex situated in an attractive part of the Gulf. Candidates should be Chartered Accountants, aged 28-32, with a minimum of 5 years post qualification experience in industry. Previous overseas experience is not required but a proven track record, good communication skills and practical experience of computerised financial and management control systems are essential. The successful candidate will be responsible for the co-ordination of the Financial, Treasury and Management Accounting functions combined with the day-to-day management of an international accounting staff. Key activities will be Cash Management, Financial Planning and the on-going development of management reporting systems. The post will be of particular interest to highly motivated Chartered Accountants wishing to broaden their experience by moving to a key position early in their career. Salary negotiable, circa £27,500 free of local taxes, free family accommodation and utilities, car allowance, health care, provident fund, assistance with childrens' education expenses and air passages for leave and childrens' education. Applications in strict confidence under reference CA 116/FT, to the Managing Director:

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.
TELEPHONE: 01-588 3588 OR 01-588 3576. TELEX: 887374. FAX: 01-256 8501

ILG

LEISURE AND TRAVEL INDUSTRY

Assistant to Group Financial Controller

VICTORIA
SALARY £18-22,000 NEG + CAR + BENEFITS

Rapid progress, development and diversification has resulted in the INTERNATIONAL LEISURE GROUP PLC becoming a major force in the exciting and highly competitive leisure and travel industry. Our Group has experienced strong growth as a result of creative management, continual product innovation and effective management control.

We now require a chartered accountant with up to two years post qualification experience. The candidate would work as a member of a young, dynamic head office team with a high level of exposure to senior management. The work would cover all aspects of the Group Finance function but with specific emphasis on external reporting and project work and less emphasis on monthly management reporting. The role involves a substantial element of tax planning and compliance. Accordingly, the candidate should preferably have had greater than average exposure to tax work during their career. The post is seen as being an introduction to our business leading to a more commercially oriented management position.

To accept this challeng you must be in your mid twenties, ambitious, highly numerate and have first class communication skills. In return we will reward the right person with an attractive remuneration package.

Write, enclosing full CV, to:

Colin Habgood
Group Financial Controller
Stockley House, 130 Wilton Road
London SW1V 1LQ

INTERNATIONAL LEISURE GROUP plc

Administration-Controller

City **c£25,000 + car**

Our client, a leading City Commodity Company is seeking to recruit an accountant to assume responsibility for developing the administrative structure of its newly established Private Client Division.

This is a new appointment requiring a commercial, intelligent and positive individual. The ability to establish good working relations with trade organisations and regulatory bodies is essential. A disciplined approach to problem solving and a good technical understanding of developing computer systems would also be a pre-requisite.

Probably a qualified accountant you will be aged 27–35, and looking to broaden your experience outside of the accounting discipline.

Interested applicants should write to Philip Rice M.A. A.C.M.A., Executive Division, enclosing a comprehensive C.V. and daytime telephone number, quoting reference 358, at 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

FINANCIAL CONTROLLER

City Salary Package to £30,000—£35,000 p.a.

A major financial institution, we are creating a self-contained investment management company. Funds under management are currently £5,000m approximately.

We are seeking a qualified accountant in his/her early thirties with a good degree and preferably some City investment experience. Initially responsibility will be for the creation of new management reporting systems, co-ordination of the business plan and organisation into one cohesive unit of the various sections and departments which it is intended should report through the Financial Controller. Computer literacy and system installation experience are essential.

The successful applicant will have the opportunity to participate in certain aspects of fund management when the start-up phase has been successfully completed.

Write Box A0294, Financial Times
10 Cannon Street, London EC4P 4BY

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Financial Director

Electronic Components Distribution

Hertfordshire ***c£25,000, Car***

This influential appointment provides an ideal opportunity for a qualified accountant to make a major contribution to the commercial development of my client's business. The company is a major distributor of electronic components to a wide spectrum of customers, including equipment manufacturers, electro-medical, computer peripheral and MoD. Deliveries are from a central warehouse which is backed by a real time stock location system. Turnover is over £10 million. In addition to the normal responsibilities for Financial, Management Accounting — all computer-based — Corporate Planning and Budgetary Control, the Financial Director will be involved in the total business management, working closely with the Managing Director. Applicants under 40 must have a first class management accounting pedigree gained in a good systems company. They must be accustomed to running an Accounts Department, and probably will presently be holding a senior position in a service or engineering products distribution company. In addition to those normally associated with a significant public group, fringe benefits include profit related bonus, which can be substantial, and relocation assistance.

R.D. Howgate, Ref: 2747/FT. Male or female candidates should telephone in confidence for a Personal History Form, 061-832 3500, Hoggett Bowers plc, *St. John's Court, 78 Gartside Street,* MANCHESTER, *M3 3EL.*

Role of Central Importance
Diversified Career Prospects
QUALIFIED ACCOUNTANT/MBA

Central London **to £21,000 + car**

Our client is a dynamic U.K. based multinational with interests in a variety of economic activities including high technology applications and metal refining. Its recent financial performance has much impressed the City.

A crucial element of its asset mix now requires further Strategic Management attention. A qualified accountant or MBA (c.30) is needed to rapidly assume responsibility within a small team for the effective use, control and accounting of these high value assets. Success in this high profile role should ensure excellent career development within this prestigious organisation.

Please telephone or write to Richard Small enclosing a CV.

Telephone: 01 256 5041 (out of hours (023065) 286)

Management Personnel
10 Finsbury Square, LONDON EC2A 1AD.

Accountancy Appointments

BADENOCH & CLARK

FINANCIAL ANALYSIS

Salary c£18,000

Our client, a leading U.K. Accepting House, requires a financial analyst to join its team. Candidates will be bright, young newly qualified Chartered Accountants with good examination records, analytical minds and the ability to communicate effectively. This position offers a genuine opportunity for the successful candidate, with ambition, to move into a front line merchant banking role.

SWAPS ACCOUNTANT

Salary c£25,000 + Bens

An established U.K. Merchant Bank with a high profile swaps team requires a first class ACA, with three years' experience gained in a financial institution, to join it as a specialist swaps accountant. Candidates will be 30ish with an innovative mind and preferably, though not necessarily, some experience of swap transactions. They will have the personality to operate in a dealing environment.

For further details of these and other current opportunities, contact: **Philippa Dilley, Tim Clarke** ACA or **Robert Digby** (who can be contacted outside office hours on 01-870 1896).

Financial Recruitment Specialists
16-18 New Bridge St, London EC4V 6AU
Telephone 01-583 0073

SOUTH OF SCOTLAND ELECTRICITY BOARD

DIRECTOR OF FINANCE AND COMMERCIAL DEVELOPMENT

The Director of Finance and Commercial Development is due to retire in February 1987. Applications are invited from well-qualified candidates with the experience to fill this key position.

The Board, with a turnover of some £900 million per annum, is responsible for the marketing, production and distribution of electricity to some 1.6m customers throughout the South of Scotland and, in conjunction with the North Board, operates the Scottish Electricity Grid.

The Director of Finance and Commercial Development with his colleague the Director of Engineering are responsible to the Board through the Chairman and his Deputy, these four comprising the Executive Management Team.

Applicants should have a proven track record in financial and/or commercial fields together with extensive experience in management, preferably in a large production and sales orientated business.

For further information contact the Chairman, South of Scotland Electricity Board, Cathcart House, Spean Street, Glasgow G44 4BE. Telephone 041-637 7177 not later than 22nd October, 1986.

SSEB Electricity

Accounting for Performance

London — *c.£20,000 + car & bonus*

Our client, the rapidly expanding UK arm of an internationally successful freight-forwarding company, is looking for a Company Accountant to perform a demanding role within the management team.

Working closely with the Finance Director, the person appointed will be responsible for both the accounting function of the main division, and the management of 10 staff. A vital role will be to support senior executives in the profitable expansion of the business by providing strategic and operational input to the implementation of the corporate plan.

Candidates should be qualified Accountants, aged 26-30, able to demonstrate not only a firm grasp of the principles and practice of management reporting but also significant experience of computerised accounting systems. Personal qualities must include strong communication skills, enthusiasm, and the determination to effect change and enhance performance.

Please send full personal and career details in confidence to Ann Bishop, quoting reference 1663/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL.

Financial Controller – International Banking

CA aged 25-30 — to £25,000 + benefits

This new post will provide the professionally-minded CA with some really excellent City experience and some interesting career options. Our client is the fast-expanding London branch of a well-respected and progressive international bank. The branch was opened in 1983 and has achieved above-target profit growth by concentrating on state-of-the-art instruments such as swaps, options and FRAs, as well as building a strong presence in the money and foreign exchange markets.

The scale and complexity of the business will continue to expand in the coming years underlining the need for a bright CA to come in and make his or her mark on the financial side of the operation.

As Financial Controller, you will be joining a young management team and your responsibilities will include:

- managing a group engaged in financial control, budgets and management information;
- assessing the accounting implications of new financing techniques and instruments;
- tax planning and management.

Options for further career development include a promotion to Operations Manager (ie Financial Controller duties plus responsibility for back-office operations, computer systems and office services). Other options include a move into a marketing role within the corporate finance team or a move abroad to a finance appointment at head office.

Your minimum of two years' PQE should have been gained with a bank or in bank-related work with an audit firm. Alternatively, you may currently operate in the treasury area of a large corporation and be interested in a move into banking. Essential personal attributes will be the ability to communicate ideas and a strong commitment to achieving results.

Salary is negotiable to attract a high-flyer and the usual banking benefits apply.

All enquiries will be treated in strict confidence. Please send a brief curriculum vitae or telephone for an application form to Gary Gibbons, Financial Institutions Group, Ref: AA54/1078/FT.

PA
PA Personnel Services

Executive Search • Selection • Psychometrics • Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Financial Services

Two major systems development and consultancy roles

Central London — £20-30,000 + subsidised mortgage etc

Our client is one of the dominant forces in the financial sector. A major reorganisation of its operational structure and multi million pound project to establish a new generation of sophisticated computer systems have created two exceptional career opportunities.

The first is in a major business area as a key member of a multi discipline team developing, testing and implementing a substantial new accounting and administration system. This will lead to further accounting and systems projects and possibly responsibility for controlling the accounting aspects of the new system.

The second is a new position at the centre of the group's main operating division. Priorities are to develop a computerised divisional management reporting system and to build up a function which can provide a management consultancy service to the division. A highly visible and multi facet role requiring self motivation and strong communication and management skills.

Applicants should be qualified accountants aged late 20s/early 30s with proven systems development experience.

There are additional opportunites in supporting roles for younger applicants keen to capitalise on initial systems experience.

Salaries are negotiable depending on age, qualification and experience.

Please write with full career details or telephone David Tod BSc FCA quoting reference D/502/DF

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

ACCOUNTANCY APPOINTMENTS
Rate £41 per Single Column Centimetre

EASTWAY (HOLDINGS) LIMITED

POSITION: FINANCE DIRECTOR (Designate)
This position will suit an applicant in the 30-40 age group wishing to make a major step in career prospects with a Group that is about to move into a new corporate expansion programme.

THE COMPANY: A group subsidiary having a multi-million £ sterling turnover. The Company OVERSEAS MARKETING CORPORATION LIMITED sells scientific, medical and engineering equipment and also represents major international companies in Eastern Europe. Sales contracts are generated both from four sales divisions and its offices in Moscow, Sophia, Warsaw and Vienna.

LOCATION: Hayes, Middlesex.

RESPONSIBILITIES: Control and management of a busy Finance Department.
Duties include:—
- ★ Financial Controls and Group Accounts
- ★ Forward Corporate Planning
- ★ Investment Appraisals
- ★ Banking Relationships
- ★ Acquisitions
- ★ Pensions

SALARY & BENEFITS: An attractive salary package in keeping with the responsibilities of the position.

CONTACT: Please reply with a brief curriculum vitae to:—
The Chairman, Legion House, 838-864 Uxbridge Road, Hayes, Middlesex UB4 0RP.

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Company Accountant

International Travel

London — c£20,000, Car

Involved in the international marine service industry, this company is a rapidly expanding subsidiary of a substantial U.S. group. Planned future growth requires establishing a strong accounting function in the U.K. and new systems are currently under review.

Reporting to the General Manager this senior position will have full responsibility for both finance and administration, heading a department of four, and liaising closely with head office and agents worldwide. Some overseas travel will be required.

Applicants aged 27-33 must be qualified accountants with a confident manner and strong communication skills. Opportunities for advancement within the Group worldwide are excellent but are very much dependent on the personal abilities displayed in this key role.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to *K.A. Carroll*, Hoggett Bowers plc, *1/2 Hanover Street*, LONDON, *W1R 9WB*, 01-409 2766, quoting *Ref: 732/FT.*

CHIEF ACCOUNTANT

c. £25,000 + Bonus + Car — Staines, Middlesex.

Trailerent Ltd is a major force in the long term rental and contract hire of HGV Trailers and Trucks to the Commercial Road Transport Industry. Based in Staines it has grown rapidly to a fleet size of some 4,000 semi-trailers and 350 trucks.

A vacancy has occurred for a Chief Accountant who will report to the Managing Director. This person will be responsible for balance sheet management and financial control in a very real sense, playing an important part within the Management Team guiding the business.

We seek a practical and positive Chartered Accountant with significant post qualification experience. Aged between 28 and 40 you must have a proven track record within a marketing orientated organisation. However the key quality required is a full appreciation of the forward thinking requirements of a capital intensive business. Experience of vehicle rent and/or of the road transport industry would also recommend you.

The Company offers an excellent salary and benefits package and most of all the chance to join a developing business with well laid plans for continued expansion.

The recruitment is being administered by our parent Company, Mercantile Credit, and therefore candidates should apply in writing with full c.v. and present salary to:

**A. D. Tanner,
Resourcing Manager,
Mercantile Credit Company Ltd,
Elizabethan House,
75 Great Queen Street,
London WC2B 5DP.
Telephone 01-242 1234.**

traileren

Assistant Group Secretary

North West — c £17,000+Benefits

Our client, a PLC with turnover around £200m worldwide, designs and manufactures specialised engineering and consumer products through some twenty subsidiaries and associates located in the UK, Africa, Australia, India, USA, and West Germany.

Recent re-organisation of the Group's Executive structure has created the need for an Assistant Group Secretary. This new appointment reports to the Group Secretary.

As a key member of the Head Office team you will have specific responsibilities embracing a wide span of Secretarial duties. Your role is essentially a practical one encompassing the day-to-day legal affairs of the Group including, inter alia, Commercial and Employment Law, Insurances and other statutory matters. You will advise on the effects of new legislation on Group activities.

Our ideal candidate will be aged 25-35, hold a law degree and have at least two years experience of Company Secretarial work in either a commercial or industrial environment. A relevant professional qualification would be an added advantage. You must have a practical approach to business problem solving and be a good communicator. It is essential that you are able to get on with people at all levels.

The Group offers an attractive employment package including financial assistance with relocation, where appropriate. There are real prospects for career development.

Please telephone for an application form (calls are answered 24 hours a day) or send comprehensive curriculum vitae quoting reference number 718 to:

**Roy Longworth
THE JOHN DALTON PARTNERSHIP LIMITED,
4 Post Office Avenue,
SOUTHPORT PR9 0US,
Tel: Southport (0704) 38776**

(Applications are open to both male and female candidates)

THE JOHN DALTON PARTNERSHIP LIMITED
Management Selection & Recruitment Consultants

Marketing Accountant

Financial Services

Central London — c£25,000 + mortgage etc

This is a new position reporting to the marketing director of one of the largest financial groups. As an important member of the marketing team you will work closely with operations and financial management and staff.

Responsibilities will include appraising and reporting on the financial effects of new product development and implementation; establishing financial controls and producing regular management information for the marketing division which has a multi million pound budget.

In this varied role there will be a considerable element of non routine work including the development and use of end user computer applications. Having established this function you will build up a support team.

Applicants should be commercially aware qualified accountants aged late 20s/early 30s, self motivated and strong communicators. Future prospects are extensive and benefits include a non-contributory pension and low cost mortgage.

Please write with full career details or telephone David Tod BSc FCA quoting ref. D/505/BF.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

ASSISTANT MANAGEMENT ACCOUNTANT

£11,750 pa

The Financial Times Newspaper is looking for an Assistant Management Accountant aged between 22 and 27 years. He/she will join a small team of management accountants involved with the preparation of monthly management accounts, forecasts and budgets, and the provision of other management information.

Ideally, you will have worked in an accounting environment and will be at the part-qualified stage of a formal accounting qualification. You should have had some previous experience of computers including basic financial modelling. The work will involve assistance with annual accounts preparation and analysis work.

Please apply with full C.V. to:

The Personnel Manager
The Financial Times Ltd
Bracken House
10 Cannon Street, London EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER
LONDON - FRANKFURT - NEW YORK

Accountancy Appointments

Financial Planning, Resource Allocation and Internal Audit

—a key role in the running of one of the Country's biggest organisations

Based Manchester **Salary to £25,000 p.a.**

The North Western Regional Health Authority is the second largest region in England, with an annual revenue budget of £900 million, spread across 19 District Health Authorities and including a capital programme of £70 million per year.

Reporting to the Assistant General Manager, this position carries responsibility for the effective management of three important sections of the Finance and Management Services Divison—Financial Planning, Resource Allocation and Internal Audit.

In particular, the successful applicant will ensure the compatability of all resource aspects of the strategic and short term plans, the resource allocation policies and the consequences of the Capital investment programme of the RHS. He or she will also play a major part in the review process relating to District Health Authorities.

The position represents an excellent opportunity for someone with relevant skills to develop and extend these three key areas, as well as their career. CIPFA qualified or the holder of a similar accountancy qualification, you will have extensive experience in financial planning and internal audit, gained in the public service, industry or commerce. In your mid-late 30's, you will possess good managerial and communication skills together with the ability to interpret information quickly.

If you feel you possess the right professional and managerial qualities for this position, write or telephone for an application form and job description to the Regional Personnel Division, Gateway House, Piccadilly South, Manchester M60 7LP, quoting reference number B.133/D. Tel. 061-236 9456, ext 614. Closing date for receipt of application forms 31st October 1986.

NORTH WESTERN REGIONAL HEALTH AUTHORITY

New position ... Major U.S. Bank

FINANCIAL REPORTING MANAGER

£25-30,000 + Banking Benefits

This major U.S. bank has a strong tradition in wholesale banking and is moving rapidly forward in the development of its investment banking activities. It recognises the key role of the finance function in the management of the branch and as a result has created this new position.

The role will cover the accounting and reporting function for commercial and investment banking activities. It is a key liaison point with Head Office, and other offshore units demanding someone who is both technically able, and a strong man manager.

Candidates should be Qualified Accountants, either working in banking at present (in an audit or line management role) or with 2-3 years PQE in the profession. Proven Man-management skills, and knowledge of U.S. and U.K. regulatory reporting procedures would be advantageous. They should welcome a chance to contribute, at senior management level, to an increasingly sophisticated accounting/reporting environment.

Interested candidates should contact Kevin Byrne on 01-606-1706 (until 7.00pm on Thursday, 9th October) or send an detailed curriculum vitae to the address below. All applications will be treated in strictest confidence.

Anderson, Squires Ltd., Bank Recruitment Specialists, 127 Cheapside, London EC2V 6BU

Anderson, Squires

ACA or ACMA-Develop management information in a rapidly changing bank ....

MANAGEMENT REPORTING MANAGER

c.£25-27,500 + Banking Benefits

In the rapidly changing banking environment, this large U.S. banking group has recognised the need for more penetrating management information. This position will carry responsibility for management reporting routines, but will place considerable emphasis on the development of more meaningful information, particularly for new merchant banking activities.

At the heart of this position lies a need for increasing sophistication in analysing the true relationship between profit and cost centres; and for the development of new costing and management information systems. The manager will supervise a small, but high-calibre team.

Candidates will probably be qualified accountants, and will certainly have had considerable exposure to financial analysis, and development of management information. This may have been gained within a bank, or within an industrial/commercial group, known for its' strong financial disciplines. Career prospects are excellent.

If you would like to be considered further for this challenging position please contact Kevin Byrne on 01-606-1706 (until 7.00pm on Thursday, 9th October) or send a detailed curriculum vitae to the address below. All applications will be treated in strictest confidence.

Anderson, Squires Ltd., Bank Recruitment Specialists, 127 Cheapside, London EC2V 6BU

Anderson, Squires

Company Secretary

North West **c£20,000 + Car**

Our client is a profitable, growth orientated, £50m t/o subsidiary of a major US multinational, engaged in the manufacture of consumer goods for the retail sector.

They seek an energetic Company Secretary, to take full responsibility for all the statutory requirements relating to a private limited group within the UK. Specific responsibilities will include, inter alia, legal matters, employment contracts, customer/supplier contracts, group pension scheme, group insurances, patents etc. The company is anticipating a period of growth in Western Europe, both organically and by acquisition.

The successful applicant will form an integral part of an experienced management team and will be expected to play an active role in the development of the business.

Candidates, aged 28-40, should hold an appropriate qualification, and be able to demonstrate in-depth technical ability, together with excellent communication skills, commercial awareness, maturity, drive and enthusiasm.

Fringe benefits are those to be expected of a large organisation, including full relocation facilities where appropriate. Interested applicants should contact **Frederick Howie MA, quoting ref: 7053, at Michael Page Partnership, Clarendon House, 81 Mosley Street, Manchester M2 3LQ. Tel: 061-228 0396.**

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Deputy Chief Accountant

International Bank
City
c £32,000 plus benefits

A major European bank, our client has a consistent growth record both internationally and in the London Branch for which we are recruiting. As a result of continued development, the London Branch now wishes to appoint a Deputy Chief Accountant. Reporting to the Chief Accountant, the successful candidate will assume responsibility for the London Branch's reporting and control process. Key tasks will include the regular review and development of monthly reporting, management accounting and budgeting.

Candidates should be qualified accountants, aged under 35 and will have gained relevant experience in either a financial institution or an international accounting firm. Equally important in this role are personal qualities of energy, self motivation and the ability to respond quickly to changes in this highly competitive sector.

We are also looking for evidence of achievement in career to date and a high technical standard coupled with flair for this type of role.

This will be a stimulating role in an international environment offering the ambitious and successful financial executive scope for further career development.

The remuneration package will be commensurate with experience and qualification but will not prove a bar for the right candidate.

Candidates should write enclosing a full CV with current salary quoting reference MCS/1017 to Michael Madgwick
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

Sector Financial Director

Major PLC **To £25,000 + CAR**

Are you the right person to join the financial team of one of Britain's fastest expanding and most successful public companies?

We are searching for a qualified accountant to be the Financial Director of a sector within the main division. As part of the small management team you will be given plenty of responsibility but you will be expected to produce outstanding results.

For this manufacturing environment you must have gained the right experience; you will probably be an ACMA or ACCA. Not only will you need the best technical skills but you must have the personality to be a good communicator.

Your career prospects are excellent and your remuneration package will be generous.

If you are interested, telephone Stuart Adamson or Andrew Nicholson on 0532 451212 or send your CV to Adamson & Partners Limited, 10 Lisbon Square, Leeds LS1 4LY.

ADAMSON & PARTNERS LTD.
Executive Search and Selection

Finance Director
Civil Engineering

S. London **C£27,500 + Car**

This is a rare opportunity to 'head-up' the financial function of one of the UK's leading civil engineering contractors with a projected annual turnover of £85M.

Reporting to the MD, the Finance Director will take full responsibility for the company's financial function and for increasing profits. He/she will contribute to the wider successful growth of the company by taking an active part in its general management. The control of all overheads, the further improvement of financial reporting systems and the management of qualified subordinates are important additional responsibilities.

Candidates will be professionally qualified and are likely to be in their mid-30's. Considerable previous experience of senior financial management in the construction industry is essential.

There is an excellent career path within this major multinational group of companies with diverse and extensive world-wide interests.

Applicants, quoting ref M2701, should forward complete career details in absolute confidence to Brian Codd.

Roland Orr & Partners
Management Consultants
12 New Burlington Street London W1X 1FF Telephone 01-439 6891

EUROPEAN ANALYSIS

Accountant **to £25K**

Our client, a well established UK Stockbroker with backing of a major continental European Bank, requires an accountant to join its highly successful and expanding European team.

Candidates should have a financial control or auditing background. Specific knowledge of European accounts would be an advantage.

A good working knowledge of French and/or German also required.

For further details please write or telephone in strict confidence quoting reference SM1561

Rochester Recruitment Limited
22A College Hill
London EC4R 2RP
Telephone:
01-248 8346 (0932 220151 Evgs).

Financial Controller

ELECTRONIC COMPONENTS

Cumbria **Circa £21,000 + Car**

As a key member of a small senior management team, this excellent career development opportunity commands the highest level of involvement in the day-to-day control of a major UK manufacturing subsidiary. Part of a West European high-tech group, this £15m continuous shift operation boasts state-of-the-art facilities, strong technical and marketing expertise, and ambitious development plans to consolidate its market leader position.

Reporting to the UK Chief Executive, responsibility will be for the provision of all site financial and administrative functions, together with the further development of major computerisation projects throughout the company. Close liaison with production, technical and systems management will be essential to decisively influence strategies for the continued profitable growth of the business.

Candidates will be energetic, qualified accountants ideally aged 35—45, with a successful track record in a manufacturing environment and the maturity and commercial awareness to make a positive early contribution across the operation. Prospects for promotion to general management are excellent for candidates of outstanding ability.

The attractive remuneration package includes fully expensed 2 litre car, non-contributory pension and private health insurance, together with full relocation expenses to this pleasant low-cost housing area.

Interested applicants (male or female) should send a detailed CV or request an application form on 0625 533364 (24 hours) quoting reference 1126/FT.

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Product Manager

Financial Reporting Systems

North West ***Up To £25,000, Bonus, Car***

A leading computer information systems PLC, offering total business solutions, seeks to develop a market for a new financial reporting package, suitable for multi site £200m + turnover organisations. The role is to build a successful operation with a small team of consultants responsible for the generation of business with major UK based groups. A graduate chartered accountant, aged 28-40, is required with experience in large scale financial reporting systems, including multinational transactions. Key financial contacts and some consultancy experience would be helpful.

Imagination, tenacity and high intellectual skills are essential qualities, as are developed powers of communication and the presence to relate at senior levels. Career prospects are excellent and a relocation package is available.

R. Flude, Ref: 33033/FT. Male or female candidates should telephone in confidence for a Personal History Form, 061-832 3500, Hoggett Bowers plc, *St. John's Court, 78 Gartside Street,* MANCHESTER, *M3 3EL.*

Accountancy Appointments

Finance Manager

Electronic Components

Swindon **£20,000 plus car, etc.**

We are seeking a first-class, young management accountant who can combine advanced technical skills, real commercial acumen and the maturity of outlook to contribute significantly as a key member of a dynamic team.

The preferred age is around 30 (max 35) and candidates must have a good degree, together with a recognised accountancy qualification. At least 3 years manufacturing experience is essential, preferably in the high technology engineering/electronics sector, in companies using modern management techniques.

The position concerned is broad in concept, involves the management of a team of 6-8 people, with emphasis on business performance rather than routine accounting. The client company manufactures electronic components and as a rapidly growing division of a major group, can offer exciting career prospects.

Applicants, male or female, should write enclosing a c.v. or telephone for an application form quoting reference B2653.

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SYSTEMS ACCOUNTANT

Salary c.£20k + benefits

Located in new offices in Reading

Our new idantity underlines our corporate strength and vigour in the new financial services industry and reflects the company's confidence in the future. Consequantly, the Prudantial is successfully exploiting and expanding into new growth markets.

The development of management information systems and their associated financial controls are essential to support continued development in a competitive market.

For this key appointment within its expanding accounting unit, the Pension Fund Services Division is seeking a Systems Accountant with the skills to analyse a broad range of business functions, review existing applications and develop new micro and mainframe systems.

This challenging role clearly calls for above average computer literacy (both analysis and design) and preferably computer audit experience. We see this as the ideal move for a young Chartered or Certified Accountant with at least two years' post qualification experience. The successful candidate will be aged between 25 and 30 and must necessarily possess excellent communication and presentation skills, and the maturity to win tha confidance of senior management.

The benefits package Includes a subsidised mortgaga, non-contributory pension scheme, staff restaurant, and relocation assistance where appropriate.

Do you have the necessary expertise to look forward with The Prudantial? If so, please phone or write with your CV to:
Rosanne Ward, Personnel Officer,
Prudential Pension Fund
Services, Forbury House,
18-20 The Forbury,
Reading RG1 3ES.
Tel: 0734 583511, ext 2302.

PRUDENTIAL

FINANCE MANAGER

An expanding international fund management company in the City invites applications for the above position:

Job description:

- Supervision over the preparation of accounting records for the Company and its clients;
- Production of semi-annual and annual reports and budgets for unit trust under our management;
- Preparation of statutory returns;
- Supervision over office administration.

Job requirements:

- Self-motivated and dynamic character;
- Professional qualification in accountancy;
- At least five years' post-qualification experience, preferably from a similar service industry;
- Good communication skills.

Competitive remuneration package will be offered to the successful candidate. Please forward your curriculum vitae with expected salary and a recent photograph to:

Box A0287, Financial Times
10 Cannon Street, London EC4P 4BY

International Review

London Based **c£28K package**

Our client is a multinational profitable £2.5 billion turnover company, engaged in the manufacture and marketing of a range of consumer products throughout the world.

Reporting at senior level you will assist in the management of a young International Audit team of qualified accountants and computer specialists. You will take responsibility for the operational review of the larger subsidiaries overseas which includes significant advisory and special project work. Emphasis is placed on close liaison with local management to ensure both day to day operational efficiency and the implementation of agreed proposals. Active involvement in the department's international training programmes will also be required. This role will involve visits and working assignments in overseas companies.

Candidates, aged 33-40, with a sound industrial background, must be qualified accountants, ideally Chartered. Previous exposure to computerised systems in a multinational environment and an aptitude for languages, (particularly Spanish or French), would be distinct advantages.

If you have a high level of energy and commitment together with the ability to motivate others, prospects to move into a senior line management role, either in the UK or overseas, are excellent.

The remuneration package includes a range of large company fringe benefits including a company car and full travel/accommodation expenses for employee and spouse. The position is London based and relocation expenses are available if required.

Interested applicants should write to Barry Ollier ACA, Executive Division, enclosing a C.V. and daytime telephone number at 39-41 Parker Street, London WC2B 5LH, quoting ref. 357.

MP
Michael Page Partnership
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North London

Chief Accountant

c.£27,500 + car

Responsible to the Finance Director of this profitable, multi manufacturing location company, the Chief Accountant is responsible for the co-ordination, production and interpretation of financial accounting. A functional representation demands close liaison with Group head office in the West End and as a result, statutory reporting is also involved. Preferred applicants will therefore be graduate chartered accountants aged between 30 and 40 years with relevant, large, international company experience and a high level of diplomacy. *Reference 10/1167.*

Financial Controller

c.£27,500 + car

Commercial acumen in addition to a comprehensive manufacturing related accountancy background is essential for this senior and demanding position. Annual turnover already exceeds £30 million and restructuring of product range, marketing and general management ensures accelerated growth for this market leader in the future. Preferred applicants will therefore be graduate, commercially trained accountants aged between 30 and 40 years familiar with client interface and with experience of comprehensive product costing, computerised systems and the timely production of meaningful management information. *Reference 10/1152.*

Applications are welcomed from men and women.

OVERTON MANAGEMENT SELECTION

Please send full career and personal details to John L. Overton FCA, Managing Director, Overton Management Selection, 3 Berkeley Square, London W1X 5HG, or telephone 01-408 1401 for an application form quoting the appropriate job reference number.

Group Financial Controller

☐ Director Designate
West of London **to £30,000 + car**

Well established and enjoying a turnover in excess of £6 million, our client, a publicly quoted company involved in light engineering component processing, is dedicated to building on its already significant market share – whether organically or through acquisition. To spearhead this growth, a Group Financial Controller is sought to ensure that resources are fully utilised, and to formulate and implement strategies that will lead the company through this important development phase.

In readiness, sophisticated computing facilities have recently been installed and the appointee, who will report to the Managing Director, will be required to supervise the final implementation. Although this system will provide information for the group's management, it will be your entrepreneurial spirit and sound commercial judgement that will influence the Board's decisions and, in turn, future strategies.

You must be a qualified accountant, probably in your mid 30's/early 40's, and be capable of planning and managing growth. Although specific industry experience is not a pre-requisite, it is essential that you can demonstrate success in achieving expansion objectives.

Applications, giving full personal and career details, including current salary, should be submitted quoting reference SHA 841, to John Dennison at Stoy Hayward Associates, Management Consultants, Executive Recruitment Division, 8 Baker Street, London W1M 1DA.

SH Stoy Hayward Associates
MANAGEMENT CONSULTANTS
A member of Horwath & Horwath International

Young Accountant

Property Investment and Development

Mayfair **c£20,000 + car**

Our client is a small quoted company with rapidly growing property interests and ambitious growth plans which will include industrial holding company acquisitions.

This is a new position, reporting to the Group Financial Director and will ideally suit a young accountant with up to two years' post qualification experience.

He or she will be involved in all financial aspects of the group's business and be responsible for producing group accounts and management information. This will include coordinating and monitoring the cash flow for all its activities and developing computerised reporting and appraisal systems.

In the small head office this is a shirtsleeves role ranging from very basic accounting to assistance in acquisitions. Strong communication skills and an extremely flexible approach are essential requirements to become an integral member of a young close knit team.

Please write with full career details or telephone David Tod BSc FCA quoting ref. D/504/TF.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

INTERNATIONAL STRATEGIST

Central London **c£18,000 + Car**

Recent promotion to International Controllership provides an outstanding opportunity for a Recently Qualified Accountant with our client, a world force in high technology.

Operating through more than 120 Group Companies on six continents you will travel, at intervals, throughout the world analysing and monitoring operating units, highlighting and recommending change, working closely with group and subsidiary directors.

A key development role – financial controllership within 2 years – diplomacy and a positive approach are essential. For immediate consideration please call ANNIE HEATH quoting ref: 5656.

Telephone: 01-242 6321
Personnel Resources 75 Gray's Inn Road London WC1X 8US

Personnel Resources

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Financial Controller

Wholesaling and Distribution

Newcastle-upon-Tyne ***£18,000***

The continued expansion of this major national wholesaling and distribution group has created the need for a senior finance professional. Based at the UK headquarters in central Newcastle and reporting to the Finance Director, responsibility is for the financial management of the organisation. With turnover currently exceeding £200 million, accountability, utilising recently installed and advanced management information systems, is for the control and development of the company's budgeting and forecasting systems, the effective management of working capital and cash resources and the overall provision of advice on financial and strategic planning issues. Candidates, qualified accountants aged over 28, must demonstrate significant experience and achievement in a senior financial role where extensive skills in corporate budgeting and forecasting have been developed. Exposure to accounting in a computerised, distribution environment would be advantageous. Prospects within this progressive organisation are excellent.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to *K.H. Thompson*, Hoggett Bowers plc, *4 Mosley Street, NEWCASTLE-UPON-TYNE, NE1 1DE*, 091-232 7455, quoting *Ref: 46102/FT.*

GENERAL APPOINTMENTS
appear
EVERY WEDNESDAY
Accountancy Appointments
appear on
Thursday

Accountancy Appointments

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday October 9 1986

Allied Stores agrees $3.5bn takeover offer

BY DAVID BLACKWELL IN NEW YORK

ALLIED STORES, a leading US department store group, has agreed to be acquired for more than $3.5bn by ASC Acquisition, a company owned by the Edward J. Debartolo group, the biggest US developer of shopping malls, and Mr Paul A. Bilzerian, a Californian investor.

The $67 a share cash tender offer for all 53m of Allied's outstanding shares tops the revised $66 a share offer for up to 40.75m shares made last week by Campeau, the Canadian property developer.

Mr Edward J. Debartolo said the offer was dependent on a minimum of 27m shares – the majority of the Allied stock – being tendered before midnight on November 6.

Mr Thomas M. Macioce, chairman of Allied, said he had worked closely for several years with Mr Debartolo, who had a "unique comprehension of the interplay between real estate and retailing." "It will be an outstanding partnership," he said.

ASC is 10 per cent owned by Mr Bilzerian and 90 per cent by Ohio-based Debartolo, which has more than 50 shopping malls, as well as hotels, housing and office property and race tracks in several cities. A number of Allied stores are in Debartolo shopping malls.

Campeau has been chasing Allied for some weeks. Last week it made the $66 a share offer after Allied had rejected as inadequate an earlier offer of $58 a share for 64 per cent of the stock.

The Canadian group, which said it would sell $200m of Allied's assets, declined to comment on the Debartolo offer.

Allied has more than 650 stores across the US, including Brooks Brothers, Bonwit Teller, Jordan Marsh and Ann Taylor. Among its assets are five shopping centres in New Jersey, Massachusetts and Washington State.

Last year the group made net profits of $159.3m or $3.70 a share on sales of $4.14bn.

In early trading on the New York Stock Exchange its shares rose by $1½ to $66½.

Strauss to head Salomon Brothers

By William Hall in New York

MR THOMAS STRAUSS, aged 43, has been appointed president of Salomon Brothers, the New York investment bank, in a move which underlines his emergence as the most likely candidate to succeed Mr John Gutfreund, chairman and chief executive of Salomon Inc, the large investment banking and commodity trading group.

Mr Gutfreund, aged 56, yesterday unveiled a series of sweeping changes designed to strengthen the senior management team of the group's investment banking business. Among the changes announced by Salomon, Mr Henry Kaufman, the group's respected commentator on the US credit markets, is giving up his day-to-day group management responsibilities to concentrate his attention on running the group's research department. Mr Dick Schmeelk is handing over responsibility for corporate finance to Mr Jay Higgins.

Salomon Brothers has also streamlined its unwieldy board of directors – which until now included 102 managing directors – and replaced it with a new 13-man board to include the existing members of the nine-man executive committee responsible for running the company.

Mr Gutfreund said the changes, which take effect on January 1, were "intended to recognise the firm's rapid growth and the increased complexity of its business."

Until now Salomon Brothers has had a rather loose Management structure and yesterday's changes are designed to strengthen management at a time when the group is expanding rapidly, especially in overseas centres like London and Tokyo.

Swedish biotechnology sector poised for shake-up

Pharmacia suspended on bourse

BY SARA WEBB IN STOCKHOLM

ANALYSTS are predicting a shake-up in the Swedish biotechnology sector following the suspension of trading in the shares of three companies on the Stockholm bourse yesterday.

The companies involved are Pharmacia, the pharmaceuticals and biotechnology group, LKB, the instruments and chemicals company, and Inceotive, a diversified trading and engineering group which has 82 per cent of the votes in LKB and 61 per cent of the capital.

"The obvious assumption is that Pharmacia is making a bid for LKB," said Mr Mats Goilletmot, an analyst with Jacobson and Ponsbach, the Swedish brokers. Other analysts echoed his opinion but the companies involved declined to comment on the possibility of a takeover.

"Our companies are in the same business and we have had contacts over the years about some form of co-operation," said Mr Stig Stendahl, LKB's president.

A few years ago Pharmacia and LKB discussed the possibility of cooperating in making diagnostic kits where they are not regarded as direct competitors.

However, they see each other as direct competitors in equipment for the separation of biochemicals.

"They both make separation equipment but mainly for different markets," said Mr Brian Knox, Kleinwort Grieveson's Scandinavian specialist. "A takeover would make Pharmacia the number one in certain parts of the separation business."

On Tuesday LKB reported disappointing eight months results with losses of SKr 5m ($727,000) compared with profits before appropriations and tax of SKr 24.1m in the corresponding period last year.

LKB's sales rose only 3 per cent in the same period, to SKr 588.9m, which the company said was well below expectations.

Total sales last year reached SKr 998.4m. Pharmacia had total sales of SKr 3.4bn last year.

LKB blamed the falling dollar, which favoured its US competitors, for the poor eight months result. Its competitors in the field of separation equipment include Walters and Millipore.

The Swedish drugs and biotechnology sector looked set for a shake-up earlier this year with the possibility of a deal between Pharmacia, Fermenta, a chemicals group, and Leo, a drugs company.

Hopes of a *maison à trois* never came about but Pharmacia now has a majority stake in Leo. LKB is the only other separation equipment company in Sweden, which makes it an obvious choice for Pharmacia.

IBM launches factory floor computer

By Louise Kehoe in San Francisco

IBM, the largest US computer manufacturer, yesterday introduced its first factory floor computer that monitors and controls manufacturing operations without an operator. The move is part of the group's push into the factory automation market.

The new IBM 7552 industrial computer is a more rugged version of IBM's PV AT high performance personal computer. It can serve as an industrial controller or as a factory floor workstation.

The new computer is an important part of IBM's goal of offering a complete system of Computer Integrated Manufacturing (CIM) for the factory of the future to automate fully a manufacturing plant. The 7552 can be used as a gateway to a Manufacturing Automation Protocol (MAT) local area network linking computer controlled machinery.

First Interstate sees big savings in merger

BY WILLIAM HALL IN NEW YORK

FIRST INTERSTATE Bancorporation, the US west coast banking group which has made an unsolicited $2.8bn takeover bid for BankAmerica Corporation, said yesterday that the combination of the two groups would result in annual cost savings of more than $400m a year within two to three years.

In its first public comment on its bid for its larger but weaker rival, First Interstate of Los Angeles said yesterday that its calculations showed that BankAmerica shareholders would be "better off under the First Interstate proposal than they would be on a stand-alone basis in the absence of some extraordinary transaction such as this."

First Interstate, the proposal of which to take over BankAmerica has been attacked by Security Pacific, a larger Los Angeles rival, stressed yesterday that its offer, which is worth approximately $18 a share, for BankAmerica was made on a "friendly" basis. It is intended to offer an alternative, "which is not only fair but attractive to the shareholders, employees and customers of both companies."

First Interstate said yesterday that the proposed merger was intended to achieve a number of strategic and financial benefits. It would create the largest interstate retail branch banking network in the US, combining BankAmerica's competitive strength in California with First Interstate's "unique position" with 23 wholly-owned banks in 12 Western states.

It would provide an improved capital foundation for future growth and financial flexibility and enable the revaluation of assets and liabilities through purchase method accounting which should be viewed favourably by debt and equity investors. BankAmerica shares fell $⅝ to $14¾ in early trading yesterday

Gelco acts to counter bid

BY OUR NEW YORK STAFF

GELCO, which controls the world's biggest container leasing and fleet leasing companies, has authorised an exchange offer for almost half its shares in a move to counter a bid from Coniston Partners, a new York investment group.

Coniston, which already holds 17.5 per cent of the 13m shares outstanding, has offered $22.50 a share for the remainder. Gelco said the exchange offer for 6m shares was part of its previously announced restructuring programme aimed at enhancing shareholder values. It is designed to produce a value in a range of between $26 and $30 per common share exchanged, based on a cash element and the liquidation preference of the company's newly created class A cumulative preferred stock.

For each Gelco common stock the company is offering $10 in cash and 1/10 of a share of the class A preferred stock. The liquidation preference of each class A preferred stock will not be less than $16 per 1/10 share and not more than $20 per 1/10 share. It will be determined by a Dutch auction technique in which tendering shareholders specify the preferred stock liquidation value at which they desire to sell shares of Gelco common stock.

In early trading on the New York stock exchange yesterday Gelco common shares were off $⅛

Coniston said in a filing with the Securities and Exchange Commission oo Monday that it paid $42.4m for its 2.3m Gelco shares. If the group swapped its entire stake at $26, the lower end of the exchange offer, it would receive about $59.8m.

Raytheon boosted by electronics

BY OUR NEW YORK STAFF

RAYTHEON, the diversified US electronics group, has lifted both profits and sales for the third quarter. Net income advanced from $95.3m or $1.17 a share to $101.5m or $1.31 a share, and sales rose from $1.56bn to $1.71bn.

Electronics, the group's largest sector, continued to make the greatest contribution to growth in the quarter. Major appliances and other lines were also a factor.

However, the results from the aircraft products and energy services sectors partially offset gains in other areas. The group's order backlog at September 28 was $7.96bn, up from $6.59bn last time. The US Government orders backlog stood at $5.51bn against $4.83bn.

At the nine-month stage net profits were up at $293.6m or $3.78 a share against $277m or $3.35 a share last time. Sales advanced to $5.27bn from $4.7bn.

In early trading on the New York stock exchange shares in the group were off $⅜ at $62½.

Reebok lifts earnings in quarter

By Our Financial Staff

REEBOK INTERNATIONAL, the US athletic footwear and clothing manufacturer in which Pentland Industries of the UK holds a 37 per cent stake, yesterday reported a sharp increase in third quarter net profits to $45.1m or 84 cents a share against $12.5m or 28 cents a share in the corresponding period last year.

At the nine-month stage Reebok's net earnings stood at $102.9m or $2 per share compared with $24.2m or 58 cents a share last time.

Per share figures reflect a 3-for-1 stock split paid in June.

Sales in the quarter surged to $280.1m compared with $93.5m in the year ago period. For the nine months sales rose to $679.1m against $198.7m.

Mr Paul Fireman, chairman and chief executive, said: "The company continues to grow as a result of strong consumer demand in all lines. Reebok's newest category, basketball shoes, has been in especially high demand."

1st NOVEMBER 1986 REDEMPTION

BRITISH LAND INTERNATIONAL N.V.

U.S.$16,000,000 8% LOAN 1987

DRAWING OF BONDS

Notice is hereby given that a drawing of bonds of the above loan took place on 22nd September 1986 attended by Mr. William Brignall Kennair of the firm of John Venn & Sons, Notary Public, when 1,600 bonds for a total of US.$1,600,000 nominal capital were drawn for redemption at par on 1st November 1986, from which date all interest thereon will cease.

The nominal amount of this loan remaining outstanding after 1st November 1986 will be US.$1,600,000.

The following are the numbers of the bonds drawn:

24	25	47	124	127	128	133	134	140	141	185	186	189	195	198	200	204	235	236	237
238	239	241	242	306	330	332	335	337	340	342	343	352	353	366	370	371	373	377	386
387	397	398	401	403	437	457	459	462	463	465	476	491	496	497	498	501	502	513	530
531	539	551	610	612	614	630	633	634	635	637	638	640	651	926	932	937	938	975	1042
1045	1046	1071	1072	1073	1083	1084	1107	1147	1149	1152	1156	1199	1231	1236	1245	1266	1325	1364	1382
1384	1385	1386	1417	1433	1434	1438	1455	1466	1475	1476	1517	1568	1571	1575	1579	1593	1597	1601	1610
1613	1614	1617	1618	1620	1623	1624	1627	1629	1630	1632	1633	1634	1635	1638	1654	1657	1664	1665	1682
1693	1694	1698	1709	1711	1712	1715	1717	1722	1726	1732	1736	1737	1739	1740	1748	2127	2131	2134	2136
2141	2146	2149	2168	2172	2176	2177	2178	2182	2183	2186	2191	2192	2193	2202	2231	2253	2254	2270	2276
2282	2283	2581	2584	2586	2594	2604	2613	2616	2631	2632	2659	2660	2662	2664	2666	2667	2671	2673	2808
2810	2811	2812	2813	3127	3130	3132	3133	3135	3140	3150	3295	3329	3341	3342	3346	3366	3368	3369	3372
3375	3376	3382	3383	3385	3386	3388	3393	3411	3512	3671	3784	3785	3786	3793	3796	3802	3807	3928	3929
3936	4109	4110	4296	4298	4344	4345	4346	4347	4352	4355	4356	4357	4359	4379	4380	4386	4388	4390	4391
4393	4394	4406	4412	4413	4427	4429	4434	4435	4576	4579	4592	4596	4598	4605	4625	4631	4644	4645	4656
4657	4676	4677	4770	4772	4817	4838	4841	4870	4881	4883	4885	4887	4888	4893	4895	5013	5014	5018	5050
5051	5062	5148	5332	5334	5335	5401	5402	5413	5414	5415	5435	5436	5440	5464	5465	5475	5478	5480	5481
5491	5492	5493	5494	5495	5499	5507	5508	5509	5511	5513	5547	5548	5549	5550	5552	5558	5560	5563	5609
5614	5617	5633	5634	5637	5639	5642	5645	5648	5653	5654	5657	5705	5706	5708	5710	5714	5715	5779	5780
5782	5783	5786	5787	5788	5789	5790	5792	5793	5796	5810	5811	5815	5816	5818	5824	5825	5828	5831	5832
5844	5861	5864	5865	5884	5887	5890	6003	6066	6076	6077	6078	6079	6080	6089	6090	6106	6163	6183	6216
6300	6305	6307	6315	6319	6320	6338	6343	6344	6375	6385	6431	6435	6436	6447	6448	6449	6450	6452	7269
7271	7544	7554	7556	7557	7561	7570	7572	7574	7739	7741	7744	7746	7750	7919	7920	7922	7923	7926	7932
7943	7944	7945	7953	7955	7956	7957	7963	7965	7970	8062	8063	8064	8065	8089	8090	8091	8102	8153	8155
8192	8197	8200	8204	8207	8208	8209	8213	8214	8216	8266	8269	8270	8276	8277	8280	8332	8334	8343	8344
8347	8671	8700	8725	8726	8770	8816	8817	8839	8840	8871	9011	9018	9019	9021	9033	9038	9048	9049	9050
9052	9054	9055	9056	9057	9059	9127	9130	9131	9136	9139	9141	9142	9148	9149	9150	9151	9268	9269	9270
9272	9275	9451	9460	9461	9463	9466	9482	9483	9592	9594	9639	9651	9652	9654	9655	9656	9666	9671	9674
9675	9703	9835	9959	9972	9976	9978	9980	9985	9987	9995	9998	10191	10201	10207	10208	10209	10211	10213	10214
10217	10222	10225	10226	10229	10235	10244	10256	10258	10265	10266	10269	10271	10273	10275	10278	10279	10281	10283	10287
10291	10300	10301	10302	10306	10307	10308	10309	10310	10312	10314	10318	10319	10320	10321	10323	10324	10325	10422	10430
10491	10497	10500	10501	10506	10507	10509	10510	10511	10513	10516	10520	10525	10528	10532	10533	10534	10535	10538	10540
10543	10544	10546	10549	10551	10552	10553	10555	10556	10560	10570	10573	10577	10578	10581	10583	10585	10588	10593	10595
10599	10600	10601	10602	10603	10605	10607	10613	10619	10621	10633	10635	10639	10641	10644	10646	10653	10654	10655	10676
10680	10682	10684	10688	10696	10697	10698	10700	10702	10706	10709	10713	10716	10720	10722	10740	10743	10744	10756	10759
10763	10764	10771	10783	10784	10790	10793	10800	10801	10805	10808	10810	10812	10814	10816	10819	10823	10825	10826	10828
10829	10830	10831	10833	10835	10838	10839	10841	10842	10844	10845	10846	10848	10850	10862	10863	10871	10872	10879	10881
10882	10883	10888	10890	10896	11104	11236	11239	11240	11241	11244	11249	11251	11253	11265	11267	11269	11273	11274	11278
11279	11280	11281	11282	11284	11286	11287	11289	11299	11301	11305	11309	11314	11317	11319	11321	11322	11324	11329	11331
11333	11337	11338	11342	11345	11346	11348	11352	11354	11356	11360	11361	11365	11367	11368	11375	11379	11383	11385	11391
11395	11396	11401	11408	11410	11415	11419	11420	11426	11427	11431	11438	11440	11479	11489	11492	11493	11494	11495	11496
11634	11652	11671	11679	11680	11685	11686	11688	11689	11693	11696	11700	11708	11714	11715	11716	11721	11728	11730	11731
11732	11734	11735	11737	11744	11745	11746	11748	11750	11751	11753	11754	11755	11756	11761	11763	11766	11767	11782	11784
11785	11791	11887	11888	11890	11898	11904	11905	11914	12407	12408	12411	12414	12415	12416	12417	12419	12420	12421	12425
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12611	12615	12618	12620	12621	12625	12627	12630	12633	12638	12642	12644	12650	12652	12654	12661	12662	12667	12668	12671
12673	12674	12682	12684	12686	12688	12692	12694	12695	12698	12704	12711	12713	12714	12715	12718	12721	12724	12725	12726
12727	12728	12732	12735	12739	12742	12743	12749	12752	12755	12759	12760	12762	12763	12768	12771	12774	12775	12776	12781
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13552	13553	13557	13559	13560	13564	13568	13570	13571	13578	13579	13580	13584	13586	13593	13594	13595	13597	13599	13601
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14249	14250	14252	14254	14258	14262	14263	14267	14268	14269	14271	14273	14276	14277	14280	14286	14288	14292	14295	14296
14298	14300	14309	14312	14318	14326	14335	14342	14345	14348	14351	14698	14699	14704	14706	14860	14861	14869	14874	14877
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14966	14967	14968	14970	14971	14979	14984	14986	14987	14988	14989	14990	14992	14993	14994	14996	15001	15005	15013	15017
15018	15019	15022	15024	15026	15027	15034	15035	15041	15047	15048	15049	15060	15061	15062	15065	15066	15073	15074	15075
15078	15083	15084	15091	15099	15102	15103	15105	15116	15119	15120	15128	15135	15143	15147	15150	15157	15158	15160	15161
15162	15165	15167	15171	15172	15173	15174	15176	15182	15187	15188	15189	15191	15194	15195	15197	15216	15220	15222	15226
15230	15233	15236	15238	15240	15242	15243	15245	15246	15249	15252	15254	15255	15259	15263	15265	15277	15306	15307	15312
15313	15315	15324	15330	15332	15335	15337	15339	15352	15457	15466	15468	15470	15473	15474	15475	15477	15487	15500	15503
15505	15508	15509	15512	15514	15516	15522	15524	15527	15532	15535	15542	15544	15547	15548	15549	15556	15557	15559	15562
15565	15567	15569	15571	15576	15577	15579	15591	15594	15600	15604	15606	15614	15615	15618	15619	15624	15627	15628	15630
15634	15637	15640	15644	15648	15649	15651	15652	15653	15656	15661	15662	15663	15664	15668	15673	15675	15678	15685	15692
15695	15696	15698	15699	15700	15701	15704	15705	15707	15708	15711	15714	15722	15725	15729	15732	15735	15738	15743	15750
15757	15760	15762	15764	15766	15769	15775	15776	15780	15784	15787	15789	15792	15793	15794	15801	15803	15804	15805	15807
15808	15817	15822	15827	15831	15833	15836	15849	15852	15855	15863	15864	15867	15868	15873	15875	15876	15877	15885	15886
15891	15895	15902	15906	15908	15910	15914	15918	15919	15920	15921	15925	15927	15932	15934	15936	15937	15939	15941	15943
15945	15954	15956	15957	15961	15962	15969	15973	15974	15980	15981	15983	15984	15987	15989	15994	15995	15996	15998	15999

Witness: W. B. Kennair, Notary Public.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 1st November 1986 at the offices of the paying agents named on the coupons in the manner specified in Condition 7 of the Terms and Conditions of the Loan printed on the reverse of the bonds. Each of these bonds when presented for redemption must bear the coupon dated 1st November 1987, otherwise the amount of the missing coupon will be deducted from the principal to be repaid.

Principal Paying Agent: N M Rothschild & Sons Limited New Court St. Swithin's Lane London EC4P 4DU

9th October 1986

INTL. COMPANIES and FINANCE

Harris to shed 10% of workforce

By Louise Kehoe in San Francisco

HARRIS, the US electronics manufacturer, will reduce its semiconductor workforce by 10 per cent next week, reflecting a continuing semiconductor industry recession. It will lay off 500 people, with the cuts affecting both international and US operations.

Mr Jon Cornell, senior vice president in charge of the semiconductor sector, said that during the past two years, the semiconductor industry had been burdened by worldwide overcapacity, weak demand and aggressive price cutting. Although Harris had been affected less than the industry as a whole the lay offs were necessary to return Harris to an acceptable level of profitability.

For the past several quarters Harris's semiconductor operations had shown a modest profit.

The outlook for the remainder of 1986 and for 1987 indicated a slower rate of growth than anticipated. The improvement in demand in the early months of 1986 had not developed into a firm trend.

Mr Cornell's view yesterday contrasted sharply with the semiconductor industry's forecast of 20 per cent worldwide semiconductor industry growth in 1987.

The forecast, he explained, was for the industry as a whole while Harris, which specialised in supplying semiconductor devices to defence contractors, had been less affected by the general slowdown in demand in the past year and stood to gain less from a general improvement.

General Electric boosts profits in third quarter

BY DAVID BLACKWELL IN NEW YORK

GENERAL ELECTRIC, the US electrical and electronic equipment manufacturer, boosted third-quarter earnings to $604m or $1.32 a share against $575m or $1.26 in the corresponding period last year.

The latest figure includes $99m from RCA before the estimated costs of its acquisition are taken into account. RCA also contributed $2.31bn of GE's sales for the quarter, which stood at $9.28bn against $6.52bn last time.

At the nine-month stage GE made net profits of $1.76bn or $3.86 a share against $1.68bn or $3.68. Sales increased to $22.94bn from $19.56bn.

Since inclusion on June 1 RCA's earnings reached $135m. This virtually offsets acquisition costs, resulting in no dilution of earnings per share. RCA has also added $3.11bn to GE's total sales.

Mr John Welch, GE chairman, said: "Rapid progress has been made towards achieving the potential of the RCA acquisition." Integration of several compatible businesses was well underway, he said, and GE had started to dispose of businesses such as records, life insurance and carpets which did not fit its objectives.

Kidder Peabody, the Wall Street investment bank acquired earlier this year for $600m, had also more than covered its acquisition costs in the first full quarter of GE's ownership, said Mr Welch. The positive impact of Kidder Peabody had helped to offset lower earnings at General Electric Credit.

GE paid $6.3bn for RCA earlier this year, the biggest non-oil merger in US corporate history. Excluding the acquisition, the group reported third-quarter earnings well ahead in the consumer products and major appliances segments, and strong gains from aircraft engines and products.

Industrial products earnings were below last year's third quarter, on flat revenues. Industrial, transport and construction markets were not showing any broad strength.

Power systems and materials earnings were well down, as were information services.

Elf Aquitaine to reduce exploration in 1987

ELF AQUITAINE, the French state oil group, said its oil and gas exploration budget was likely to drop to less than FFr 4bn ($615m) in 1987 from about FFr 4.5bn to FFr 5bn this year, reports Reuter from Cannes.

Mr Francois Didier, senior vice president in charge of strategic planning, said that the figures were not final but were the latest estimate.

Elf has already announced its intention to cut its 1986 exploration budget by about 25 per cent from an original target of about FFr 6bn.

Weak oil prices meant the group would give priority to intensive exploration in already known areas instead of wildcat drilling, Mr Didier said.

He said the low prices also meant the group needed to pursue a strategy of expansion through acquisition. He gave no details but said a high priority would be purchases which strengthened Elf's position in the US.

"We do not have enough of the US market in relation to the size of the group," Mr Didier said.

Elf would continue to explore in nearly all areas in which it was now active, excluding only certain countries where government regulations made it difficult to carry out the kind of intensive explorations Elf wanted.

Swiss rubber group plans bourse listing

By John Wicks in Zurich

DAETWYLER HOLDING, parent company of the Swiss plastics and rubber products group, is to introduce shares to over-the-counter trading in Zurich, Basle and Geneva.

The Altdorf-based company, up to now in family ownership, is to increase share capital from SFr 7m to SFr 50m ($31.2m) from reserves. Later it will issue SFr 10m of equity in the form of 20,000 new bearer shares worth a nominal SFr 500.

These new shares will be taken over by a banking consortium headed by Credit Suisse and offered to the public between October 23 and 29 at a price to be announced later.

The Daetwyler group, which has operating subsidiaries in a number of European companies and the US, reckons with 1986 sales of some SFr 625m. Its sales programme includes cables, special products for the automotive and pharmaceuticals industries and glass-fibre cables for communications. It is also Switzerland's leading distributor of electrical and electronic components for the consumer market.

Forbo sees continued improvement

By John Wicks in Zurich

FORBO, the leading European manufacturer of floor and wall coverings, expects "good results" again for the current year following a rise of about 15 per cent in sales.

Last year group net earnings rose from SFr 18.4m to SFr 22.4m, allowing the Zurich-based parent to increase its dividend from SFr 56 to SFr 60 share.

In the first nine months, turnover rose to SFr 686m, according to an interim statement. For the year as a whole the sales figure is estimated at about SFr 900m.

Expansion of Forbo business is due largely to the consolidation of the British Nairn concern, acquired in mid-1985. At the same time, the Zurich holding company said all product divisions had grown so far this year, with above-average rises in Scandinavia, France and the UK.

Henkel in sales link with Lion of Japan

BY OUR FINANCIAL STAFF

HENKEL, the West German chemicals company, and the Tokyo-based Lion group have agreed in principle to set up joint marketing ventures in West Germany and Japan.

Henkel and Lion own 51 per cent and 49 per cent respectively in a joint German venture, Henkel Lion, which will concentrate on marketing oral hygiene products. Lion Henkel in Japan will market hair-colour and shoe-care products.

Lion will take a 51 per cent stake in the Japanese joint venture and Henkel the remaining 49 per cent.

Henkel said the joint ventures were part of a co-operation agreement reached between the two companies in 1985.

Henkel, best known for its range of washing powders, turned in profits of DM 176.5m ($89m) for 1985 – an increase of 36 per cent – on sales totalling DM 9.2bn.

It recently acquired Union Générale de Savonnaire, a French soap maker with 1985 sales of about $70m, in a move aimed at bolstering the group's share of the French detergents market.

Load factor falls at People Express

By Our New York Staff

PEOPLE EXPRESS, the troubled cut price US airline, experienced a fall in revenue passenger miles for September against the trend for the other leading US carriers.

The load factor for the month fell to 44.9 per cent from 57.5 per cent a year earlier. In the nine months ending September the load factor fell to 58.6 per cent from 63.1 per cent a year earlier despite an increase in revenue passenger miles flown to 8.7m from 8.2m, reflecting an increase in capacity.

People has asked the US Transportation Department to accelerate approval of its planned takeover by Texas Air by no later than next Tuesday because of People's financial plight. The airline said its advanced bookings were running 50 per cent below last year's levels.

IGB to issue shares in fund-raising move

BY OUR FINANCIAL STAFF

IGB, a broadly based Dutch construction group, plans to come to the stock market with an issue of shares that will bring Fl 10m ($4.5m) of fresh funds into the group.

IGB, formerly part of the Royal Boskalis Westminster construction and dredging group, was formed in 1983 following a management buy-out.

On sales of Fl 300m, IGB turned in profits of Fl 4.6m for 1985 and expects to make Fl 5m after tax during 1986.

The company is issuing just over a quarter of its ordinary capital at Fl 37m a share. A secondary placing of a similar size will be undertaken by existing shareholders.

The Royal Boskalis group has been trading at a loss for a number of years and at the time of the IGB buy-out was involved in a financial restructuring aimed at offsetting heavy foreign debts.

BCI share issue

BANCA Commerciale Italiana's capital increase will be partly based on the free issue of 70m shares on a one-for-nine basis, and not at par as reported yesterday.

INTL. COMPANIES and FINANCE

Receiver criticised in Pan Electric suit

By Steven Butler in Singapore

PAN Electric Industries, the company whose default on a loan payment led to a big crisis in the Singapore stock market last year, was solvent in February when it was put into provisional liquidation, according to shareholders who are opposing the winding up of the company.

Mr Donald Sinclair and Mrs Tay May Leng, both minor shareholders in Pan Electric, alleged in the Singapore High Court yesterday that the court-appointed receiver, Price Waterhouse, made massive errors in calculating the worth of the company and wrongly concluded that Pan Electric could not pay its debts.

"There is no way they (the provisional liquidators) can come to the court and say they have proved Pan Electric is insolvent on a cash flow basis," said Mr Sinclair in court.

He and Mrs Tay petitioned the court to appoint a new receiver to examine Pan Electric's accounts.

The arguments were supported by an affidavit from Mr Tan Gim Soo, a public accountant, who concludes that it would "be unsafe to rely . . . in any way" on the reports that Price Waterhouse prepared on Pan Electric's financial conditions—because of errors in methods and apparent discrepancies in the reports.

Pan Electric was placed into provisional liquidation based on the petition of nine creditor banks, and was originally scheduled to go into full liquidation on February 28, until the petition was opposed by shareholders.

Counsel for the banks yesterday argued in court that Pan Electric was commercially insolvent at the time, with total debts of S$164.7m (US$75.9m) plus US$29.1m, although counsel would not rule out the possibility that funds might be left over to pay shareholders after Pan Electric had paid all its debts.

Pan Electric, which was mainly a holding company, had been regarded as one of Singapore's prime companies with a large profitable marine salvage division. It was pushed to the brink by huge share dealings using company funds.

Mr Tan Koon Swan, managing director of the company, and Mr Tan Kok Liang, financial director, have pleaded guilty to charges arising from the misuse of company funds and have been sentenced to terms in prison.

Mr Sinclair and Mme Tay allege negligence on the part of Price Waterhouse, arguing that the receivers and managers wrote off without explanation recoverable assets, used wrong methods to calculate the value of the company, and failed in their alleged obligation to seek a restructuring of the company.

"This is the manner in which the whole thing has been done," said Mr Sinclair. "Just rub it out, let it vanish."

Hearings on the petitions are expected to conclude tomorrow.

Chrysler tries to lure foreign shareholders

Kenneth Gooding reports on the US motor group's view of the small car market

THE RISE in the value of the yen has considerably reduced the Japanese motor industry's competitive advantage but probably has come too late to save small car production in the US, said Mr Robert Miller, vice-chairman of Chrysler Corporation, third largest of the American automotive groups.

He was speaking in London during Chrysler's European financial "roadshow," intended to attract more shareholders from outside North America.

Chrysler is looking for a new site to build its Omni/Horizon small cars which have had a new lease of life following changes last spring equivalent to a price cut of $1,400 to $5,499. This was achieved with the co-operation of the workforce (members of the United Auto Workers) and suppliers.

The movo coincided with the price increases forced on the Japanese by the yen's strength but Chrysler a year ago decided to abandon small-car production and to increase imports from Mitsubishi Motors, its associate, in Japan.

The company also planned to stop producing the Omni/Horizon at the end of this year and use the capacity for larger and more profitable vehicles.

Mr Miller revealed that Chrysler was currently "shopping around" in the hope that another US-based manufacturer might be able to provide capacity to keep tho Omni/Horizin in production.

He held out little hope that the search would be successful, however, because "there is not much margin to play with an the move is likely to cost too much."

Chrysler sold more than 105,000 imported Japanese cars in the US — out of 1.245m total registrations — last year. Mr Miller said the US group collected "a distributor's percentage" for selling the cars through its dealer network, while Mitsubishi, the manufacturer, had taken most of the burden created by the yen's rise.

Mitsubishi and Chrysler are 50-50 partners in a company which is building a factory to produce 180,000 cars a year in the US Last year Chrysler cemented tho relationship by raising its shareholding in Mitsubishi Motors to 24 per cent.

Chrysler also formed a joint venture with Samsung, the Korean conglomerate, to procure low-cost parts and components. Mr Miller said that so far results were minimal. Only 10 per cent of Chrysler's components were being bought outside North America.

The ability of American component suppliers to "step up to the problems of cost," and Chrysler's growing demand for "just-in-time" deliveries, had reduced tho group's need to shop offshore.

Chrysler's Korean venture was also hampered by the fact that the group does not build cars in that country, Mr Miller suggested.

Tho group last took its roadshow to Europe 18 months ago, trumpeting Chrysler's financial recovery from tho brink of bankruptcy.

The message to potential shareholders this time is about the group's diversification into aerospace, via the acquisition of Gulfstream. This, Mr Miller explained, has broadened Chrysler's customer base by taking it back into the defence business, where the US Government is the main client.

Chrysler has also been expanding its financial services operations through acquisitions by Chrysler Financial. "This gives us access to finance at reasonable cost through thick and thin and is also a business which is counter-cyclical to the automotivo operations, if not non-cyclical," said Mr Miller.

The group is looking for further acquisitions but would not be willing to make an aggressive bid.

So far this year Chrysler has borrowed $1.5bn in Europe, though Mr Miller guesses that only 5 per cent of its shares are held outside North America.

This is partly because Chrysler sells very few vehicles in Europe and therefore has a low profile. However, the fall in the value of the dollar compared with most European currencies has enabled the group to consider building up exports. It was now realistic to contemplate annual sales of 10,000 to 20,000 special cars and vans in Europe—which would all be incremental volume for Chrysler—said Mr Miller.

Investor group in Saudi offset move

By Finn Barre in Riyadh

A GROUP of Saudi investors are seeking to establish a limited partnership capitalised at SR 100m ($26.67m) to participate in the Saudi Offset Investment Programme.

Saudi Advanced Industries is to be establised as a limited partnership to channel private sector funds into the programme.

The Saudi Ministry of Defence and Aviation is eager to encourage private sector involvement in the Offset Investment Programme, which consists of 12 joint venture companies established to offset part of the $3.9bn US Airborne Warning And Control System (Awacs)

The programmo was established to permit Saudis to share in the command and control system which will tio the Awacs radar capability into the Saudi air defence network.

The $7bn Tornado jet fighter deal signed with a British led consortium is not, however, expected to entail an offset agreement.

Most of the 12 investment companies involve aircraft maintenanco

National Industrialisation Company (NIC), is so far tho biggest private sector investor in the offset investment companies. The new company is intended to give smaller investors a chance to participate.

Sumitomo Electric in US cable venture

SUMITOMO Electric Industries is to establish a joint company in the US with Alcan Aluminum to make optical fibre communications cable, AP-DJ reports from Tokyo.

Tho new company, Alcan-Sumitomo Electric, will be capitalised at $4m and will be located in Wilmington, Delaware. Sumitomo will own 51 per cent of the company and the Cleveland-based aluminum maker the rest.

Alcan-Sumitomo Electric will next year start to produce composite optical fibre overhead ground wire (communications cable) at a plant in North Carolina. Initial production is set at about 120 km of cable a month.

The now company will be headed by Mr Kazuhiko Okada, a director of Sumitomo Electric.

Canadian deal for Toyota unit

TOYODA GOSEI, the rubber and plastic maker within tho Toyota Motor group, is to acquire a 49 per cent share in Waterville Cellular Products of Canada in order to start joint production of spongo seals. Toyoda's total investment is expected to exceed Y1bu ($6.5m), reports Kyodo.

Under the agreement, tho Quebec-based company will be reorganised under the name of Waterville TG. Toyoda will have four directors, including one full-time in Quebec, as part of tho new company's joint management.

Waterville Cellular has been supplying sponge seals, its leading product, to General Motors and other US car makers, holding an 11 per cent share of the North American sponge seal market. Sales of seals totalled some C$40m (US$29m) last year.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE OCTOBER 3, 1986

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	8.938	0.236	10.770	8.738
Australian Dollar	14.406	0.313	14.630	12.830
Canadian Dollar	10.646	2.051	11.820	10.373
Euroguilder	5.879	−1.853	6.314	5.879
Euro Currency Unit	8.599	1.727	9.524	8.164
Yen	6.358	0.173	7.250	6.207
Sterling	11.610	4.935	11.932	9.751
Deutschmark	6.446	0.016	7.120	6.318

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INTERNATIONAL CAPITAL MARKETS and COMPANIES

Elders convertible well received

BY CLARE PEARSON

ELDERS, IXL, the Australian brewing group, yesterday borrowed $460m (equivalent) in the Eurobond market with one of the largest Euroconvertible bonds yet seen. It met an enthusiastic response from the market and traded at or above issue price.

Elders will use the proceeds to finance part of its £1.4bn acquisition of Courage, the UK brewer, which it acquired last month.

The 12-year par-priced, four-tranche deal, issued by Elders (UK), consists of e $175m, a £40m, a DM200m and a SFr 200m bond and is convertible into a 122m shares of Elders IXL at an expected premium of 20 per cent over the share price when terms are fixed next Wednesday. The bonds have indicated coupons of 5½ per cent respectively. Investors will have the option to put the bonds after seven years at an indicated 120 to 125 per cent.

Credit Suisse First Boston led the sterling and dollar tranches while CSFB-Effectenbank led the D-Mark issue and Credit Suisse the issue in Switzerland.

Elsewhere, fixed-rate Eurobonds traded weekly as prices of US Treasury bonds fell on diminishing hopes of international interest rate cuts. The sterling sector was particularly hard hit, as the pound sank to new trade-weighted lows.

Trading of floating-rate notes (FRNs) in Europe was also sluggish, although trading in the Far East was more buoyant, with strong demand for issues paying interest at above London interbank offered rate (Libor).

This enabled Morgan Guaranty to issue a perpetual bond for Australia and New Zealand Banking Group, mnch of which

INTERNATIONAL BONDS

was sold to investors in Tokyo over Tuesday night.

The $300m par-priced bond pays interest at 15 basis points over six-month Libor. It is callable after five years at par. Although the price eased during European trading time yesterday, it was still quoted during the afternoon at a bid price of 99.83, within the 25 basis point total fees.

Schroder Wagg priced a recent convertible for ICN Pharmaceuticals, the US group. The 15-year hond has a coupon of 6¾ per cent and the conversien price was set at $20.68, representing a 10 per cent premium over the average of the shares' closing price over the 10 days to October 7.

Two deals denominated in yen and targeted at specific pockets of demand in Japan were launched. The first was a Y8bn bond for the Swedish City of Gothenburg, led by Mitsui Finance. The five-year 8½ per cent bond was issued at 115½, but is redeemable at par.

The second was a "step-up" Y10bn deal for Den norske Creditbank, led by Daiwa Europe. The five-year bond, priced at 101½, pays 2½ per cent coupons for the first two years and thereafter 7½ per cent coupons.

The first issue of the October Euro-French franc calendar, for Finance for Danish Industry, was launched by Credit Commercial de France.

The Euro-French bond market has been trading weakly recently as the French franc has come under pressure from the D-Mark and short-term interest rates have risen. But Finance for Danish Industry's FFr 400m five-year deal, priced at 99¾, and paying interest et a hefty 8½ per cent, met a strong response yesterday. It traded comfortably within its 1¾ per cent fees at a discount to issue price of 1½ per cent on the bid side.

Prices of Swiss franc bonds were stabler in medium volume trading. Union Bank of Switzerland launched a SFr 200m public bond, and a SFr 100m private placement, for Canadian Royal Trustco. The 20-year public bond pays interest at 5¼ per cent, while the seven-year private placement pays interest at 4¾ per cent. Both are priced at par.

Swiss Bank Corporation launched a SFr 50m five-year equity warrants bond for Yuasa Battery. Final terms will be fixed on October 14, but the coupon was indicated at 2½ per cent.

Morgan Guaranty (Switzerland) led a SFr 120m seven-year hond for Standard Oil Company of Ohio, with warrants to buy gold. The 3½ per cent bond carries warrants to buy gold at a 30 per cent premium over the average Zurich gold price for the next three days. Otherwise the investor may receive in US dollars the difference between the spot price of gold and the exercise price.

Trading in the D-Mark sector was sluggish and prices eased by about ½ point. Dealers were unenthusiastic about a new DM300m issue for European Investment Bank, although they thought its terms fair. The 10-year 6½ per cent issue was priced ot 99½. Deutsche Bank led the deal.

Turin bank in Euro-CD programme

By Our Euromarkets Staff

CASSA DI RISPARMIO di Torino, Italy's second largest savings bank, has signed e $200m Eurocertificates of deposit programme, arranged Merrill Lynch Capital Markets. Bankers Trust International, Merrill Lynch, Samuel Montagu and Swiss Bank Corporation Internatienal are co-dealers.

The bank, which is Italy's 14th largest, has not earmarked any specific purpose fer its new funds. Bnt it plans te expand beyond its traditienal Turin base and te hroaden its internatienal coverage. It already ewns 24 per cent of ItaB, the Lendon-based investment banking group.

Under the new programme, Cassa di Risparmie di Torine has the eption of issuing CDs either in dellars er Ecu from its Turin head office, with maturities ranging between 7 and 365 days.

Sterling CP for GrandMet

BY HAIG SIMONIAN

GRAND METROPOLITAN, the Britishbased international hotels and leisure group, is arranging e £150m commercial paper programme to complement its existing short-term financing facilities.

Mr R. C. Mitchell, Grand Met's treasurer, said the new programme will reduce the group's shortterm financing costs by giving it greater flexibility to choose between the sterling paper market and the $300m multiple eption facility it set up last autumn. The new funding is not being used to finance any new acquisitions.

GrandMet has appointed Lloyds Merchant Bank, Mergan Guaranty and S. G. Warburg—its primary merchant bank—as dealers for the new paper. Issues, guaranteed by Grand Metropolitan plc, will be made by Frand Metropolitan Finance or Grand Metropolitan International Finance.

The sterling commercial paper market, which was launched in April this year, is still finding its feet. Companies have been reluctant to come to the market on account ef the relatively cumbersome issuing procedures required until Britain's new Financial Services Bill gees through.

In the meantime, the Grand Met issue "should add a bit of depth to the market from the issuing side," said Mr Mitchell. Although most well known companies have been sitting en the sidelines, according to a Warburg's spokesman, "this is another instance of a top UK corporate assessing a new market."

Euroclear to extend equity services

BY OUR EUROMARKETS CORRESPONDENT

EUROCLEAR, the Eurobond clearing house, is to extend the range of its services offered in the equity market to inclnde new internationally traded equities from France, Canada and Singapore.

It also announced yesterday that new offerings from Austria and Italy are te be introduced into its system. These inclnde the recent $2bn Fiat placement as well as the participation certificates to be put on sale by Oesterreichische Laenderbank later this month.

Euroclear already handles equities issued in Belgium, the Netherlands, Germany, Switzerland and Sweden in its rapidly growing equities service

Good start for Simex US T-bond futures

By Gordon Cramb in Singapore

THE SINGAPORE International Monetary Exchange (Simex) yesterday began trading in US Treasury bond futures in turnover which set a local record for first-day business in a contract.

A total of 2,553 lots were traded by the end of the regular session. The exchange then reopened for its first evening session, designed to provide a one-hour overlap with dealings at the Chicago Board of Trade (CBOT).

The T-bond brings the number of Simex contracts to seven, and follows the launch on September 3 of Nikkei stock average futures. It also marks a departure from the market's close relationship with the rival Chicago Mercantile Exchange (CME), with which it has mutual offset arrangements.

Under a 10-year deal with the CME, Simex is prevented from establishing formal links with other US exchanges. As a result, the T-bond is not fungible with the CBOT product on which it has been modelled.

Mrs Elizabeth Sam, Simex deputy chairwoman, said yesterday the exchange needed a long-term interest rate contract such as that offered by the CBOT. The evening trading session would allow users to roll over positions to the US time zone.

"We knew that quite o number of our locals have already been trading T-bonds in Chicago," she added.

The US$100,000 contract carries an outright initial margin of US$3,250. The December position, after opening at 97 1/32 fell through the day to close the main session at 96 11/32.

Dreyfus funds to exploit volatility

DREYFUS CORPORATION plans to introdnce two mutual funds that will attempt to take advantage of volatility in the stock and bond markets, AP-DJ reports from New York.

Dreyfus Strategic Investing plans to use stocks and related futures and options contracts, and Dreyfus Strategic Income will employ fixed-income securities and their related futures and options contracts.

The funds, which will carry a 3 per cent sales charge, will be sold by registered representatives on staff, separating them from the bulk of Dreyfus's no-load funds, which are largely do-it-yourself investments sold over the telephone.

The Dreyfus Strategic Funds plan to utilise an obscure wrinkle in the new US tax bill that allows mutal funds to make more liberal use of hedging with futures and options contracts. But the exact amount of hedging that the stock fund will be able te do is still under discussion because that fund has not yet been approved by the Securitica and Exchange *Commission. Ideally*, the fund would like to be able to hedge as much as 100 per cent if its equity holdings, a Dreyfus executive said.

Mr Howard Stein, Dreyfus' chairman, called the new funds Dreyfus' answer to the "growing complexity and confusion in the marketplace."

But the new Dreyfus funds themselves are not exactly simple, and they will be run by a team of market specialists. The income fund, for instance, will invest in a wide range of instruments, including high-yield, high-risk "junk bonds" and mortgage-backed securities that the fund hopes to supplement with what Dreyfus calls "income kickers." The kicker comes from trading and hedging in futures and options, as well as from lending portfolio securities to other investors, such as short sellers.

Bombay SE plans close monitoring

BOMBAY Stock Exchange anthorities will build in more checks and balances such as close monitoring of all shares to prevent future payments crises, Mr M. R. Mayya, executive director of the exchange, said yesterday, reports Reuter from Bombay.

"Our prime concern is to protect genuine investors," he said. "We do not want to allow the exchange to be rocked by payments crises."

The exchange resumed trading after a two-day stoppage caused by a payment problem. This problem had been resolved, Mr Mayya said.

Ontario may admit foreign owned securities dealers

BY BERNARD SIMON IN TORONTO

CANADA'S leading securities watchdog is wrestling to find a way of lowering barriers to foreign participation in the securities industry without setting in train a sweeping deregulation of the country's financial markets.

The Ontario Securities Commission (OSC) is reviewing its draft criteria for the registration of foreign-owned securities dealers in the wake of comments from various interested parties which have exposed serious anomalies in the Commission's initial proposals, published last August.

The provincial government, which regulates the Toronto-based securities industry, plans to register about 15 foreign-owned dealers in early 1987 and to allow foreigners to own up to 30 per cent of Canadian securities firms. The total capital of the foreign dealers will be limited however, to 30 per cent of aggregate industry capital, with ne single firm allowed more than 1.5 per cent of the total. Draft regulations are due to be published later this month.

The ne wrules are a compromise, designed to ensure Toronto's place as a major international financial centre, without threatening Canadian control of the securities industry.

An OSC official said that US and Japanese firms have so far shewn the greatest interest in setting up subsidiaries in Toronto. They include Goldman Sachs, Nikko Securities, *Nomura Securities* and Daiwa Securities. Shearson Lehman is expected to raise its present 10 per cent stake in McLod Young Weir, the Toronto-based firm, to the new ceiling of 3 per cent.

In drafting the rules for foreign participation, the OSC has also tried to maintain the traditional but fast-eroding distinction between the "four pillars" of the Canadian financial system—banks, trust companies, insurers and securities firms.

The Commission's draft criteria exclude from registration any firm whose parent already owns e hank, trust company or insurer in Canada. Thus, British stockbrokers controlled by any of the 56 US, European or Asian banks with subsidiaries in Canada will not be registered.

The Canadian Life and Health Insurance Association has warned the OSC that the rules in their present form may "limit all foreign financial institutions to only one of Canada's fonr major financial sectors at a time when Canadian firms *must be able to diversify* in foreign markets where open competition policy exists."

The US securities industry has urged the OSC to abandon capital limits on foreign firms. Responding to Canadian fears that a more liberal policy will invite domination by US firms, Goldman Sachs said that "If all barriers to registration of foreign securities firms were eliminated and no capital limitations were imposed, we think that market forces would nevertheless limit the amount of capital and resources that any foreign firm would be prepared to devote to the Canadian market."

Sumitomo Trust to offer advice

BY YOKO SHIBATA IN TOKYO

SUMITOMO TRUST and Banking, Japan's second largest trust banking group measured in terms ef funds invested, will set up a series of investment advisory companies of its ewn in Japan, the US and Britain before the end of this year.

The first step in this process will be the inauguration early next month in Japan on Sumishin Capital Management. With an initial capitalisation of Y300m ($2m), together with six affiliates, the new company will be the largest ef its kind so far established by trust banking groups. It has set itself the ebjective of raising entsanding management centracts — chiefly in *tokkin* (money trust) accounts—te Y100bn within a year.

In the US, Sumitome Trust is setting up a 50-50 joint venture with Security Pacific, to be called Sumitrust Security Pacific Investment Managers, for which Federal Reserve approval is expected late next month. This follows closely the previeus business collaboratien pact between the two institutions agreed in 1984. The new company is expected to supply pertfelie management advice for the Japanese equity market to US investers as well as offering an investment edvisory service to Japanese institutiens interested in the US markets.

In the UK, Sumitomo Trust has been holding talks with Ivory and Sime, which are understood to have reached the final stages, fer the establishment of e joint venture investment edvisory company.

● Japanese securities houses will be allewed to launch their sales campaigns fer Nippon Telegraph and Telephone shares from October 20, the Ministry of Finance announced yesterday.

Some 1.75m NTT shares will be formally offered in late November, with payment due in January and a listing en the Tokyo Stock Exchange provisionally fixed for February.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Closing prices on October 8

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9¼ 16	200	105¼	105¾	−0⅛	+0⅛	9.19
Atlan. Richfield 10¼ 00	250	106⅞	106½	−0⅛	−0⅛	9.41
Australia Com. 11 93	200	114¼	115	−0¼	+0⅛	8.52
Australia Com. 11¼ 00	200	114¼	114⅝	−0¼	+0⅛	9.33
BP Capital 9⅝ 94	300	105¼	105½	+0¼	+2	8.34
BP Capital 11¼ 92	250	109⅞	110⅛	0	+0⅞	8.65
Campbell Soup 10½ 93	100	111⅞	112⅛	+0¼	+0⅞	8.50
Canada 9 96	1000	105⅝	106⅛	−0⅛	+0⅛	8.07
Canada 11½ 90	500	113¼	113¾	+0¼	+1⅛	6.96
Canadian Pac. 10¼ 93	100	109¼	109¾	−0⅛	+0⅞	8.79
CEPME 10¼ 91	100	108⅝	109⅛	0	+0⅛	7.92
Credit Lyonnais 9 91	200	105¼	105⅝	0	+0⅛	7.50
Credit National 9⅛ 93	150	105¾	106¼	0	+0⅛	7.87
Denmark Kingdom 7 89	500	99⅝	100	−0⅛	−0⅛	7.09
Denmark Kingdom 7¼ 93	250	98¾	99⅛	−0⅛	+0½	7.51
Denmark Kingdom 8¼ 91	300	102¼	102⅞	0	+0⅛	7.56
Deutsche Bank Fin. 8 98	120	97⅛	97⅝	0	+0⅞	8.35
EDC 8½ 92	200	103	103½	0	+0⅛	7.73
EEC 8¼ 96	100	101⅛	102⅛	−0⅛	+0⅛	7.96
EEC 8⅝ 91	150	103⅝	103⅞	−0⅛	+0⅛	7.87
EEC 9⅝ 90	150	106⅛	106⅝	0	+0⅛	7.62
EIB 10¼ 94	150	110⅞	111⅜	0	+0⅛	8.30
EIB 12 95	200	123½	124	−0⅛	+0⅛	8.05
Eurofima 7¼ 91	100	101⅛	101⅝	0	+0⅛	7.39
Export Dev. Cpn. 10 90	100	108¼	109¼	0	+0⅛	7.09
Finland 7½ 93	200	98¼	98¾	−0⅛	+0¼	7.78
Ford Motor Cred. 10½ 91	150	109	109½	−0⅛	+0¼	8.19
Ford Motor Cred. 11⅜ 90	100	110⅛	110⅞	−0⅛	+0¼	7.63
Gen. Elec. Cred. 10¼ 00	200	106⅞	107⅜	0	−0⅛	9.29
GMAC 10¼ 89	150	106⅞	107⅜	0	−0⅛	7.10
GMAC 8½ 93	150	101⅞	102⅛	−0⅛	+0⅛	8.12
IADB 9⅞ 95	150	109½	110	0	+0½	8.31
Liberty Mutual 8½ 96	150	100¼	100¾	−0⅛	+0⅛	8.41
LTCB of Japan 8 91	100	102	102½	0	+0¼	7.42
Merrill Lynch 8⅞ 91	100	103⅜	103⅞	0	+1¼	7.98
Mercds.-Benz Cred. 7½ 93	100	99⅝	99⅞	0	+0¼	7.57
New Zealand 8¼ 93	250	100⅝	101⅛	−0⅛	+0½	8.03
Norway Kingdom 7¼ 91	500	99⅝	100⅛	−0⅛	+0⅛	7.27
Pepsico Inc. 7⅞ 93	200	97¼	97⅝	0	+0⅛	7.89
Proct. & Gamb. 'A' 9⅞ 92	150	106⅞	107⅜	0	+0⅞	8.34
Qantas Airways 10⅜ 95	100	111	111½	−0⅛	+0½	8.49
Queensland Govt. 10¼ 95	100	109⅝	109⅞	−0⅛	+0⅝	9.60
Ralston Purina 11¼ 95	150	113¼	114½	+0¼	+0⅛	9.31
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Ex. OS Cr. 8 91 A$	100	56¼	56½	+0⅛	+0¼	13.56
Bremer Ldsbk. 12¼ 91 A$	30	97⅛	98⅛	0	+0¼	13.26
Fiat Finance 14½ 89 A$	50	100⅛	100⅞	+0⅛	+0⅛	14.12
GMAC 12⅞ 89 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.56
Landsbk. Rhein. 13 89 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 10⅝ 90 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chrysler Corpn. 10 91 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Genstar Fin. 11¼ 93 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC 9¼ 92 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Trustco 10⅜ 90 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sears Acc. 10⅝ 92 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coca-Cola F. C. 17 90 NS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 17½ 89 NS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever Cap. 17½ 89 NS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen City 9 95 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 8⅝ 93 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Walt Disney 8¼ 94 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Mtr. WW 3⅞ 90 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Mtr. XW 3⅞ 90 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thyssen 7¼ 90 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wereldhave 7½ 90 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wessanen 6¾ 90 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amev 11 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia Com. 11 92 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC UK Fin. 10½ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imp. Chem. Inds. 10 03 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imp. Chem. Inds. 10⅞ 92 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Invst. in Inds. Int. 10 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Leeds Bldg. Soc. 10½ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
McDonalds 10⅞ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nationwide BS 10¼ 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NSW Treasury 10⅝ 92 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Insce. 10¼ 92 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J. Sainsbury 10⅞ 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trusthouse Forte 11¼ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 11¼ 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CoE 8⅞ 93 LFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 8⅝ 93 LFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

[illegible]

DEUTSCHE MARK STRAIGHTS

[illegible]

SWISS FRANC STRAIGHTS

[illegible]

YEN STRAIGHTS

[illegible]

CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Mitsui Bank 2⅞ 01	4/86	101.9	122⅞	124⅛	−0⅝	−90.23
Murata 3½ 00	7/84	2398	162⅞	163¾	+0⅞	21.50
Nippon Elec. 2⅞ 00	1/85	1295	282⅞	284⅛	−3½	233.30
Nippon Oil Co. 3 00	5/85	923	207⅞	209⅞	−4½	−4.42
OKI Elec. Ind. 3½ 99	10/84	805	135	136½	−0⅝	−2.88
Sanwa Bank 2¾ 00	10/85	1406	144½	145¼	+0⅞	4.21
Sekisui House 3 99	6/84	632	*†165½	166½	0	−55.49
Sumitomo Bank 2¾ 00	8/85	2142	165	166½	−0⅛	8.40
Sumitomo Corpn. 2⅞ 99	5/84	595	*†260¼	260¼	0	9.37
Taiyo Yuden 3¼ 00	3/85	1078	†141	143	+3	−8.84
Toshiba Ceramics 3 00	4/85	1734	120½	121½	+1⅛	7.29
Nippon Oil Co. 2⅛ 92 SFr	3/84	1052	†131½	132½	−14½	0.34
Nippon Shinpan 2 92 SFr	3/84	881	†175	175¼	−5⅛	15.66
Aoki 5 92 DM	12/83	520	†115½	116½	−0½	5.71

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Consolidated-Bathurst Inc.

NOTICE OF PARTIAL REDEMPTION FOR MANDATORY SINKING FUND

TO THE HOLDERS OF 17½% SERIES I DEBENTURES DUE NOVEMBER 15, 1988

NOTICE IS HEREBY GIVEN pursuant to the mandatory sinking fund provisions relating to the 17½% Series I Debentures due November 15, 1988 (the "Series I Debentures") of Consolidated-Bathurst Inc., that the following Series I Debentures, in the aggregate principal amount of U.S.$10,000,000 in coupon bearer form in the denomination of U.S.$1,000 each and bearing the following distinguishing numbers, namely:

[illegible]

(the "Called Series I Debentures")

have been selected by lot by Montreal Trust Company and are hereby being called for redemption for sinking fund purposes only on November 15, 1986. Each Called Series I Debenture will be redeemed on November 15, 1986 in lawful money of United States of America at the principal amount of U.S.$1,000 and payment thereof will be made to the holder thereof upon presentation and surrender thereof (together with all unmatured coupons appertaining thereto), at the option of the holder, at any of the following paying agents:

Orion Royal Bank Limited
1, London Wall,
London EC2Y 5JX
(Principal Paying Agent)

Dresdner Bank AG,
Jürgen-Ponto-Platz 1,
6000 Frankfurt/Main 1,
Federal Republic of Germany

Compagnie Luxembourgeoise de la Dresdner Bank AG – Dresdner Bank International
26 rue du Marché-aux-Herbes,
1728 Luxembourg

Kredietbank N.V.
Arenbergstraat 7,
B-1000 Bruxelles, Belgium

Morgan Guaranty Trust Company of New York
Morgan House,
1 Angel Court,
London EC2R 7AE

The Royal Bank and Trust Company
68 William Street,
New York, N.Y. 10005,
United States of America

Union Bank of Switzerland
Bahnhofstrasse 45,
CH-8021
Zurich, Switzerland

Coupons maturing on November 15, 1986 should be detached and presented in the usual way. Interest on the Called Series I Debentures will cease to accrue from and after November 15, 1986.

DATED This 9th October, 1986.
***by* CONSOLIDATED-BATHURST INC.**
J. M. Dawson, Secretary

ORION ROYAL BANK LIMITED
A member of The Royal Bank of Canada Group

Waterford Glass in £253m bid for Wedgwood

THE FUTURE of Wedgwood, the 227-year-old English fine bone china manufacturer, appeared to bave been settled yesterday with an agreed £253m offer from Waterford, one of the world's largest prodncers of hand-crafted crystal. Market rumour suggested, however, that another company remained interested in making a counter bid.

Wedgwood was first bid for last April by the London International Group, but that £150m offer was fiercely rejected and in June was in any case referred to the Monopolies and Mergers Commission.

This letest offer involves Weterford, an Irish company, in issuing 14 of its shares for every three in Wedgwood which will mean the issue of 219m Waterford shares representing 48 per cent of the enlarged share capital.

Waterford is expecting to pay for 80 per cent of the deal with shares and the rest — £43.2m — in cash, which will leave it with gearing of 35 per cent. US shareholders in Wedgwood have to accept the cash alternative of 504p. Last night the share offer valued each share at 564p.

Acceptance of the offer has already been granted by holders of 38.2 per cent of Wedgwood shares.

Waterford has recorded impressive growth over the past two years since the arrival of Mr Patrick Hayes, the chairman, from Ford of Ireland. Waterford's 1985 turnover was £112m with earnings of £12.4m, while Wedgwood in the year ended March 29 1986 had earnings of £12.5m on sales of £152.1m. Waterford rose 3p to close at 121p and Wedgwood rose 145p to close at 568p.

David Goodhart looks at the agreed takeover of a 227 year old fine bone china maker

Sir Arthur finds an Irish white knight

MR ERIC DANN, Wedgwood's financial controller, was forthright in his denunciation of the London International Group's unwanted £150m bid.

He told one newspaper last May, in terms one might expect from a company with e 227-year history, that: "We want to stay English and independent. We shall stick to our last."

But yesterday, after the official announcement that Wedgwood had agreed to a takeover by the Irish company Waterford Glass, the only sounds—apart from Mr Dann digesting his words—were those of relief and self-congratulation all round.

A slight shadow was cast over the proceedings but that came from the rumour—reflected in the Wedgwood share price—that another predator remained interested in possibly topping Waterford's generous offer.

Aside from that everyone seemed happy, Mr Alan Woltz, the chairman of LIG, was glad enough with the prospect of at least e £7.78m profit on the 4.5m shares (9.9 per cent) he bought from Mercury Warburg Investment when launching the bid for Wedgwood last April. (If he took the share offer rather than the cash alternative his shares would now be trading et a premium of about £10.5m).

LIG saw its bid referred to the Monopolies and Mergers Commission in June, on the grounds that its own Royal Worcester combined with Wedgwood would give it more than 25 per cent of the UK fine china market. It remains interested in developing its china interests and although there are few UK china companies that seem available or suitable it has been handsomely rewarded for this setback.

The Wedgwood management has had to swallow some pride, but surviving into its 229th year of trading always seemed unlikely after Mercury Warburg sold to Mr Woltz and said it would sell its remaining 14.9 per cent unless a better offer was made.

Sir Arthur Bryan has spent the subsequent five months seeking out a more suitable partner and although be admitted yesterday that "of course we would have preferred to stay independent" he added that: "I think we have achieved as much independence as we could have boped for when someone has just paid £250m for us."

Mr Patrick Hayes (right) the chairman of Waterford Glass and Sir Arthur Bryan, the Wedgwood chairman.

Sir Arthur will become presidant of Wedgwood, instead of chairman, but no dramatic shake-up is expected and Mr James Moffat will remain managing director. Wedgwood sensibilities have been acknowledged in the new title of the joint company — Waterford Wedgwood Holdings plc—and the ingenious "Siamese twin" capital structure will, for the sake of UK shareholders, preserve a UK profit base for UK dividends.

Waerford Wedgwood will, in effect, be twin companies which share a quote—one company will have an Irish domicile, the other e UK base. In this way the benefits of the UK tax credits associated with dividends paid by a UK company are preserved.

Waterford Wedgwood will, in after-tax benefit of these arrangements to a UK individual shareholder will be some 20 per cent greater from a W. W. Holdings dividend than Waterford dividend of the same amount, while the after-tax benefit to a UK corporate shareholder will be some 30 per cent greater."

The other advantage of this structure is that it avoids creating the biggest ever issue to hit the Irish stock exchange —which is both small and subject to exchange controls. (Special permission for this structure has been granted by the central bank of Ireland.)

The management of both Waterford and Wedgwood were also naturally enthusing yesterday about the synergy in prospect from merging the two companies which with annual crystal and china sales of over £278m will become the largest in the global "table-top" crystal and china market.

Both companies are beavily export oriented with Wedgwood selling over a third of its output to the US (which has recently proved a sticky market) and growing quantities to Europe and Japan. The US represents 70 per cent of Waterford's sales with over half exported and 40 per cent sold to US tourists in the UK and Ireland. The group's success in the US led to a $42.8m ADR issue last June.

Mr Patrick Hayes said he saw sales and marketing benefits all over world with Waterford benefiting from Wedgwood's experience in Japan and Europe and Wedgwood benefiting from Weterford's greater success in the US.

In the £250m UK ceramics market there is unlikely to be much synergy from merging Wedgwood — wbich has about 16 per cent of the market — and Waterford's Aynsley — which has two per cent. Aynsley specialises in fine chine ornamentalware which also accounts for about 70 per cent of Wedgwood's output — the rest being earthenware tableware. One consolation for Wedgwood in losing its independence is that it should now overtake its old rival Royal Doulton in UK market share.

Benzol's £29m rights issue for expansion

BY NIKKI TAIT

British Benzol, the coke and smokeless fuel manufacturer, which has fought its way back from the traumas of the miners' strike under new chairman and chief Mr Malcolm Stockdale, is buying Powersceen Group for £25m cash. Powerscreen is a privately-owned company whicb makes and distributes mobile screening equipment to quarrying end mining businesses.

To pay for the ecquisition, Benzol is asking shareholders to put up £29.2m via a four-for-three rights issue at 70p a share—more than doubling its current market capitalisation. Yesterday, ahead of the announcement, Benzol shares were suspended et 90p.

Powerscreen was founded in 1960 by two Irishmen, Mr L. Mallaghan and Mr P O'Neill, but although they remain co-owners, neither has played an ective role in the business since the late-seventies.

Powerscreen's profits before tax jumped sharply in 1984. from £3.4m to £5.4m on sales of £25m, but growth slowed substantially last year, prodncing £5.7m on e turnover of £26.2m. In the first seven months of the current year, Powerscreen has made £3.3m before tax, but there is no forecast for full year and no part of the deal is profit-releted.

Net assets of the business et and-July were £7.1m.

Benzol's pre-tax profits for the first four months of 1986-87 total £628,000 compared with £768,000 for the whole of last year.

For shareholders, there is news of a 1p a share dividend in 1986-87—the first peyout since 1980. In 1987-88, the directors hope to pay a total of not less than 3p.

Attwoods jumps 43% and makes encouraging start this year

Attwoods, the waste disposal and quarry products, reported a 43 per cent jump in 1985-86 profits and, with trading encouraging in the first two months of the current year, said it expected to make further progress.

Turnover for the year ended July 31 1986 rose 59 per cent to £56.42m and pre-tax profits increased from a restated £5.17m to e record £7.41m. After e lower tax charge of £1.47m (£1.83m) stated earnings per 25p share were up from 10.54p to 14.8p. The final dividend is 3.75p for e total of 5p (4p).

Comparatives have been restated to reflect the ecquisition of J. M. Roper, which is being eccounted for as a merger.

At the end of last month, Attwoods ordinary shares commenced trading in the US in the form of American Depository Receipts. The board said it intended to obtain e quotation in respect of ADR's on the NASDAQ system in the US making Attwoods shares more eccessible to US investors.

Stated earnings per ADR were up from $0.64 to $1.08 — eech ADR represents five ordinary shares.

US profits increased from £3.18m to £4.83m on turnover of £38.71m (£22.16m). Industrial Waste Services continued its growth in Floride; strong management and an effective sales team had enabled it to take advantage of rapid development in this State, the company said.

County Sanitation, purchased in August 1985, had produced steadily growing revenues and profits. This company had several exclusive City and County franchises and would continne to benefit from an increasing population.

In the UK, profits rose to £2.59m (£1.99m) on turnover of £17.72m (£13.33m). Drinkweter Sabey continned to make good progress. In spite of a very severe winter, profit from all divisions increased substantially.

● comment

Clearing away Florida's rubbish pays very well if these figures from Attwoods are anything to go by. While the Roper acquisition in the UK has the main virtue of providing ACT cover for dividend payments, the group clearly perceives its future as being US-based. Industrial Waste, the southern Florida waste disposal operation, now has e turnover of almost $60m a year and the medium-term prospect is that this could be doubled within the confines of the sunshine state through infill ecquisitions of which a handful are currently being negotiated. The gearing looks borrendous at first glance but Attwoods is run on a cash generation basis and the proposed reduction of the par value of the shares does enable the goodwill mountain to be written down painlessly. While the share price has been excited since Michael Ashcroft took over the British Car Auctions stake an arms length relationship eppears to beve been decided upon. However, what could make the shares start to leap is news of the response of US institutions to the roadshows that will back up the planned year end listing of ADR's on the NASDAQ. With prospective ratings everaging 18 for Attwoods' Florida competiters, there could be many who feel that the shares, up 1p et 211p, are presently too modestly rated on e prospective of 12.

Berkeley Ex runs into £1.68m loss

In the first half of 1986 Berkeley Exploration and Production ran into a loss of £1.68m, compared with a profit of £1.73m.

Turnover fell by 33 per cent to £4.53m despite an increase of 50 per cent in oil production. Average price obtained for the company's North Sea crude was just over £11 per barrel, compared to an average £23 in 1985.

The directors said if year end oil prices were at their present depressed level, and they considered those prices were likely to be stable, then an additional provision of up to £7m might be considered appropriate to reflect the reduced economic value of the company's oil and gas interests.

If such provision had been considered necessary et June 30, then shareholders' funds would have been reduced to some £14.1m.

Petranol

Mr Gilbert Perry, an ex-director of Petranol, the US oil company quoted in London who resigned shortly after the company announced details of a £6m rights issue and an ecquisition of a private US oil company, said last night that he fully supported the existing management.

He said that his decision to resign was unconnected with Petranol'e expansion plans, and that be would vote with his 10 per cent shareholding in favour of the proposals.

His remarks follow an announcement by Inoco, a fellow US oil company and shereholder in Petranol, that it would not be supporting the plans.

Pru extends estate agency network

By Eric Short

Prudential Corporation, Britain's largest life company, continued its expansion into the estate agency business.

Its subsidiery, Prudential Property Services, has acquired the Guildford-based estate agency firm of Cubitt & West. No details have been given of the consideration, except that it will be in cash and shares worth £7.9m, to be paid in two tranches on December 31 and June 30 next.

Cubitt & West has 25 branches in Surrey, Sussex and Hampshire, concentrating on the up-market house sector, with some 4,000 sales completed in the past 12 months with a net value of £260m. It employs 300 full and part time staff.

LARGEST ESTATE AGENTS

	Branches
Hambros Countrywide	389
Royal Life	318
Black Horse	275
Prudential	225
General Accident	148

The estate agency sector is now becoming dominated by various financial institutions—clearing banks, merchant banks, building societies and even insurance brokers as well as life companies.

Pru was the first life company to move into this field over e year ago. Its aim is to become e leading operator in the estate egency sector with a national network of offices by the end of next year.

This latest acquisition strengthens Prudential Property's coverage in the south of England—one of the most prosperous areas in the house market business. It now has some 225 branches in its drive for e 500 branch network.

Baker Harris becomes first SE listed estate agent

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Baker Harris Saunders tomorrow becomes the first company of commercial estate agents to seek a full Stock Exchange listing wben it offers for sale, at a minimum tender price of 150p e share, 2.5m shares, or 25 per cent of its equity.

The move emphasises the rapid changes sweeping through the profession in the wake of the decision last July by the Royal Institution of Chartered Surveyors to remove restrictions on outside investment in what, hitherto, had been partnerships.

But the Baker Harris issue stands out from the trend of egencies forging links with insurance companies and building societies. It is designed rather to give the company a capital injection so that it can expand off its narrow geographical base, in the City of London where it is one of the pre-eminent agencies.

Mr Jonathan Edwards, the managing director, yesterday stressed the continned independence of the company providing professional services rather than becoming involved in selling on its own account.

"It will always be our intention to act as edvisers, not as principals," he said.

Other estate egencies, largely in the residential sector, bave become caught up in the sale of broader services, including insurance. Indeed, Scottish Life, Legal and General, Commercial Union and Norwich Union have just teamed up with Brown Shipley, the merchant bank, to provide a back-up for estate agencies seeking to sell insurance in a new company called Team Agencies.

Baker Harris intends to maintain its independence by selling just one quarter of the issued capital. But this will raise only £1.78m in new money, at the minimum tender price. Of the total, 1.49m are new shares, being sold by directors.

Rowe and Pitman, the stockbrokers managing the issue by tender, selected this method of selling because of the leck of comparison available with other stocks on the market.

Baker Harris Saunders earned £800,000 in pre-tax profits on turnover of £2.35m in the year to last April.

Market capitalisation, assuming the tender offer is successful at the minimum price, would be £15m. The prospectus will be published tomorrow.

BOARD MEETINGS

TODAY

Interims: British Syphon Industries, Comparl International, Druck, James Finlay, Monument Oil and Gas, Musterlin, Newbold and Burton, Austin Reed, Ruberoid, Williams Systems.

Finals: Canadien Overseas Packaging Industries, New Central Witwatersrand Areas, Photo-Me International, Savage, F. W. Thorpe, Westminster and County Properties.

FUTURE DATES

Interims:	
Amersham International	Nov 10
Arlington Securities	Oct 17
Brewmaker	Oct 16
Comprehensive Financial Serv	Oct 17
Edinburgh Investment Trust	Oct 13
Guthrie	Oct 15
Hopkinsons	Nov 4
London and Northern	Oct 23
Marks and Spencer	Oct 28
Silentnight	Oct 21
Top Value	Oct 28
Finals:	
Lyles (S.)	Oct 14
Peachey Propert	Oct 14

UK COMPANY NEWS

Mecca's share offer gives £102.5m value

BY RICHARD TOMKINS

Mecca Leisure, the bingo, dance and holiday group which was bought out by its management from the Grand Metropolitan brewing and hotels concern for £95m last December, yesterday set the terms for the flotation which will restore it as an independently-quoted company.

Nearly 26m shares, representing 34 per cent of the enlarged equity, are to be offered for sale at 135p a share, giving the company a market capitalisation of £102.5m. Samuel Montagu, the merchant bank, is sponsoring the issue and the stockbroker is Greenwell Montagu.

Mecca said the main reason for the flotation was to fund the development of its existing businesses and an expansion into new ones. All the money to be raised through the offer for sale—about £33m net—would go into the company.

Some of the existing shareholders who wanted to sell shares were matched with buyers privately in advance of the flotation, and 1.3m shares changed hands at 135p. The four executive directors sold 250,000 between them.

Although Mecca's flotation value does not greatly exceed the price which Grand Met received, those who supported the buy-out are set to show a 50 per cent profit on their investment. This is because only £41m worth of equity went into the buy-out; the rest of the money was raised in loans.

Mecca was founded more than 100 years ago as a supplier of coffee grinding equipment and soon went into the coffee house business. Through catering in dance halls for other operators, it became involved in operating dance halls itself, and by the mid-1950s it was one of Britain's leading dance hall operators.

In 1961 Mecca became one of Britain's first commercial bingo operators, and betting shops and casinos followed. It was taken over by Grand Met in 1970.

The present management team, headed by 45-year-old Mr Michael Guthrie, was appointed in 1979-80 and introduced a programme for selling-off of unprofitable activities and the spending of £57m on upgrading the rest.

Pre-tax profits, which were £9.5m in the year to September 1981, fell back to £2.7m in 1982 but had climbed back to £5.8m by last year. For the year ending last month, Mecca is forecasting £7.5m, putting the shares on an historic price/earnings multiple of 9.

Ocean Transport rejects Mr Brierley's 225p offer

BY TERRY POVEY

Ocean Transport & Trading (OT & T) yesterday issued a formal rejection of Mr Ron Brierley's 225p a share cash bid for the 90 per cent of the shipping, fuel distribution, freight forwarding and trading company, the New Zealander does not already own. The bid values OT & T at £258m.

Mr Bill Menzies-Wilson, OT & T's chairman, asks shareholders to "be under no illusions about the real motives" for the bid. IEP (UK), a Brierley vehicle, "recognised that our strategy has transformed Ocean, but wish to deprive you of our future growth."

"Your company's current trading performance is strong and we will be recommending a higher level of dividend for 1986," adds Mr Menzies-Wilson.

Mr Ross Martin of IEP said last night that with 10.6 per cent of OT & T, the Brierley group considered itself a major shareholder and was "concerned that OT & T may not live up to the promises implicit in the defence document."

OT and T, which is being advised by S. G. Warburg, has seen its shares stay above the offer level since IEP first made clear its intention to bid. Last night OT and T's shares closed unchanged at 232p.

● Horizon Travel yesterday announced that IEP Securities, another Brierley vehicle, now holds 8.35m shares or 16.7 per cent of its issued equity.

Tea time raid on Standard Chartered

AN UNKNOWN bidder bought 2 per cent of the shares of Standard Chartered, the UK-based worldwide banking group, in a tea-time raid yesterday on the London Stock Exchange. Stock-jobbers believed that the bidder was Mr Robert Holmes a Court, the Australian financier, who holds 7.35 per cent of Standard's shares.

He was one of a group of Far Eastern investors who bought large stakes in the bank earlier this year to help it fight off the hostile bid by Lloyds Bank.

The other major investors involved were Sir Yue-Kong Pao, the Hong Kong businessman, whose family hold 14.9 per cent of Standard Chartered, and Mr Tan Sri Khoo Teck Puat, who has just under 5 per cent.

Yesterday's raid began at about 4 pm when Rowe and Pitman, Mullens, the stockbroker, began buying at 740p. The firm declined to name the bidder last night, but said that it had satisfied its demand for the time being.

Standard Chartered had no detailed comment to make on the move last night. But it said it believed Mr Holmes a Court would have had to notify the company first if he intended to increase his stake. Standard's shares closed 41p up yesterday at 740p.

Virani raises stake in Control Securities

Mr Nazmu Virani, has increased his stake in Control Securities, the property investment and dealing group where he is chairman, from 36 per cent to 47.8 per cent.

Virani Group (UK), the private hotel and property business which he heads, bought 7.05m shares in Control on October 2, and a further 178,455 last Monday, giving it a total stake of 20.36m shares

But Mr Virani also has a beneficial interest in Zelva Anstalt which owns 9m shares taking his total interest to 29.36m shares or 47.8 per cent.

Two other Control directors, Mr B. Solanki and Mr R. Parmar, have also each bought 20,000 shares

Davy launches £17m agreed bid for Monk

BY NIKKI TAIT

Davy Corporation, the process plant contractor, is launching a £16.6m agreed bid for A. Monk, the building and civil engineering group in which it has held a long-standing 29.9 per cent stake.

Davy is offering 158p for each Monk share—with a loan note alternative—to be paid out of Davy's cash resources.

Directors of Monk have said they will accept the offer in respect of their own holding—approximately 0.1 per cent of the total equity—and yesterday Davy's brokers bought a further 275,000 shares at the bid price, taking the company's current stake to 32.3 per cent. Monk shares closed just out of their reach, at 154p, up 35 on the day.

Davy says that if the offer is successful, the organisational structure of Monk will remain unchanged and the Monk name will be preserved. Mr M. Couchman, chairman and managing director of Monk, will join the Davy board and its executive committee.

Monk, which is based in Cheshire and is heavily slanted towards public sector work, reported a sharp profits plunge three months ago—the pre-tax total for 1985-86 fell from £1.64m to £45,000. The squeeze on Government spending and competitive pressure on margins were blamed. Analysts predict a recovery to around £1.5m in the current trading period.

However, Monk has hung on to its large cash pile, which the last balance sheet put at £8.4m, and the Davy offer price is only a touch over the net asset backing of 149p for each Monk share.

Rockwood pays £2m for security consultancy

BY CHARLES BATCHELOR

Rockwood Holdings, the components distribution company formerly known as HB Electronic Components, yesterday announced its first acquisition since a new management team came into the company in July.

Rockwood, which is now headed by Mr Tom Forrest, the former managing director of Security Centres Holdings, is paying £2.18m for Defence Systems Holdings, a security consultancy. Payment will be made in shares priced at 70p each. Rockwood's share rose 6p to 76p yesterday.

DSH's main shareholders are Automated Security Holdings, the electronic security group, with about 66 per cent, Mr Forrest, with 11.5 per cent, and Mr Alastair Morrison, DSH's founder, also with 11.5 per cent.

DSH supplies staff to train security personnel, guards to protect people and installations and also designs security systems. Its operations are currently centred in the Middle East and Africa.

DSH made a pre- and after tax profit of £72,000 in the six months ended May 1986 and expects to make at least £160,000 in the 13 months ending December.

This deal represents the first stage of acquisition programme announced when Mr Forrest and his associates bought 28.5 per cent of Rockwood in July. It also tidies up Mr Forrest's business interests and removes a potential conflict of interest between his holdings in Rockwood and DSH.

Rockwood also announced an increase in its pre-tax profit to £42,000 in the first half of 1986 from £30,000, on turnover which fell to £2.41m from £2.48m. The interim dividend is omitted (0.5p).

Tibbett & Britten rises 39% as margins improve

Tibbett & Britten Group, the specialist clothing transport concern which has close links with Marks and Spencer, revealed a 39 per cent rise in 1986 interim profits — its first set of figures since it came to the market in July.

The company also reaffirmed that its prospectus forecast of full year profits of not less than £3.25m would be met.

Pre-tax profits for the six months to June 28 rose from £913,000 to £1.27m, on turnover only 3 per cent ahead at £15.8m (£15.36m). Poor early summer weather affected the retail trade, but Tibbett's margins improved substantially because of cost containment and interest income from net cash balances.

Because of the short time since its flotation (the offer was 12.4 times oversubscribed). Tibbett is not paying an interim dividend — a final of not less than 2.3p is forecast. Stated first-half earnings per 5p share rose from 3.1p to 3.8p after tax of £460,000 (£236,000).

Last month, Tibbett announced that it was to acquire from Elida Gibbs, Unilever's toiletries subsidiary, its national distribution centre at Whitwood, near Leeds, in West Yorkshire.

Consideration is £4.55m in cash.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Attwoods	3.75	Jan 30	3	5	4
Britannia Security	†0.9	—	0.75	1.5	1.25
A. Brown	1	—	—	1	—
Grampian Holdings int	1.5	Nov 7	1.33*	—	4*
Greenbank int	0.9	Oct 16	0.9	—	2.4
Higgs and Hill int	5.5	Nov 28	5	—	13.6
Holt Lloyd int	2	Mar 2	1.65	—	4
Johnston Group int	¶3	Dec 15	2.25	—	7.5
John Maunders	2.6	Nov 28	2.25	5	4.5
Rockwood int	nil	—	0.5	—	0.5
Silkolene Lubs int	3	Jan 5	3	—	6
Spirax-Sarco int	1.5	Dec 5	1.5	—	5.3
Sanderson Murray	4.5	Nov 18	4	4.5	4
Triplevest int	6.57	Oct 31	5.69	—	11.07
TSW	1.41	Dec 3	1.15	2.05	1.7

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Increased to reduce disparity.

HOLT LLOYD International plc

INTERIM RESULTS

(Unaudited)

	28 weeks to 13.9.86 £000	28 weeks to 14.9.85 £000	52 weeks to 1.3.86 £000
GROUP SALES			
UK Automotive	12,935	12,635	24,873
Overseas and Export	31,749	27,010	55,264
	44,684	39,645	80,137
Food*	—	1,630	2,929
	44,684	41,275	83,066
GROUP TRADING PROFIT	4,178	3,706	7,710
Interest Payable	(625)	(606)	(1,192)
GROUP PROFIT BEFORE TAX	3,553	3,100	6,518
Taxation	(1,490)	(1,391)	(2,925)
GROUP PROFIT AFTER TAX	2,063	1,709	3,593
Minority Interests	(179)	(134)	(394)
PROFIT ATTRIBUTABLE TO MEMBERS	1,884	1,575	3,199
EARNINGS PER SHARE	4.16p	3.48p	7.10p
DIVIDENDS PER SHARE	2.00p	1.65p	4.00p

*Disposed of in July 1986

Points from the Chairman's Statement

- Profits up 15% in line with expectations
- Earnings per share up 19%
- Interim dividend increased by 21% to 2p per share
- Board confident of significant improvement in earnings for full year

Holt Lloyd International plc
Lloyds House, Alderley Road, Wilmslow, Cheshire SK9 1QT.

Anglo American Investment Trust Limited

(Incorporated in the Republic of South Africa)

Registration No. 05 08081 06

Interim report and dividend

The unaudited results for the six months ended September 30 1986 and abridged balance sheet of the company are as follows:

Income statement

	Six months ended 30.9.86 R m	Six months ended 30.9.85 R m	Year ended 31.3.86 R m
Dividends from listed associated company	19.6	14.7	54.0
Dividends from unlisted investments	5.7	4.0	28.1
Interest earned	0.2	0.6	1.0
	25.5	19.3	83.1
Administration and other expenses	0.8	0.6	1.1
Net income before taxation	24.7	18.7	82.0
Taxation	0.1	0.3	0.5
Net income after taxation	24.6	18.4	81.5
Preference dividends	0.1	0.1	0.3
Attributable earnings	24.5	18.3	81.2
Retained earnings of associated company	116.0	81.6	228.5
Equity accounted earnings	140.5	99.9	309.7
Share of associated company's extraordinary item	13.1	(16.3)	(17.2)
Earnings after extraordinary item	127.4	83.6	292.5
Ordinary dividends	24.0	18.0	81.0
Retained earnings	103.4	65.6	211.5
Transfer to non-distributable reserve	102.9	65.3	211.3
	0.5	0.3	0.2
Unappropriated earnings, March 31 1986	5.0	4.8	4.8
Unappropriated earnings, September 30 1986	5.5	5.1	5.0
Earnings per ordinary share—cents			
Attributable earnings	245	183	812
Equity accounted earnings	1 405	999	3 097
Dividends per ordinary share—cents			
Interim	240	180	180
Final	—	—	630

Balance sheet

	At 30.9.86 R m	At 30.9.85 R m	At 31.3.86 R m
Capital	10.0	10.0	10.0
Non-distributable reserve	1 017.6	768.8	914.8
Distributable reserves	80.4	79.9	79.8
	1 108.0	858.7	1 004.6
Represented by:			
Investment in associated company—listed	1 094.1	845.2	991.2
Other investments—unlisted	11.6	11.6	11.6
	1 105.7	856.8	1 002.8
Current assets			
Debtors	20.5	16.2	61.1
Holding company: Loan at call—Anglo American Corporation of South Africa Limited	5.9	4.0	3.9
	26.4	20.2	65.0
Current liabilities			
Shareholders for dividend	24.0	18.0	63.0
Creditors	0.1	0.3	0.2
	24.1	18.3	63.2
Net current assets	2.3	1.9	1.8
	1 108.0	858.7	1 004.6
Market value of investment in listed associated company—R m	3 068.8	1 203.0	2 278.2
Number of ordinary shares in issue (000)	10 000	10 000	10 000
Net asset value (after providing for dividend)—cents per share	32 498	13 294	24 433

Comment

The company's major asset is its 27.29 per cent investment in De Beers Consolidated Mines Limited (De Beers), and the following information was included in that company's interim report for the half-year ended June 30 1986 which was published on August 20 1986.

	Six months ended 30.6.86	Six months ended 30.6.85	Year ended 31.12.85
Earnings per deferred share before extraordinary items—cents			
Attributable earnings	73	54	180
Equity accounted earnings	118	98	288
Dividends per deferred share—cents			
Interim	20	15	15
Final	—	—	40

Sales of diamonds by the Central Selling Organisation for the period January 1 to June 30 1986 were US$1 214 million (R2 710 million), compared with US$837 million (R1 676 million) during the corresponding period in 1985 and US$986 million (R2 351 million) during the second half of that year. As stated in the De Beers interim report a price increase of 7.5 per cent became effective in May and indications are that the positive trend in diamond sales will continue in the second half of 1986.

For and on behalf of the board
J. Ogilvie Thompson, G. W.H. Relly — Directors

Interim dividend

On October 8 1986 ordinary dividend No. 93 of 240 cents per ordinary share (1985: 180 cents) being the interim dividend for the year ending March 31 1987 was declared payable on Tuesday December 2 1986 to shareholders registered in the books of the company at the close of business on Friday October 24 1986.

The ordinary share transfer registers and the ordinary section of the register of members will be closed from Saturday October 25 to Saturday November 8 1986, both days inclusive, and warrants will be posted from the Johannesburg and the United Kingdom offices of the transfer secretaries on or about Monday December 1 1986. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on Monday October 27 1986 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that any such request is received at the offices of the company's transfer secretaries in Johannesburg or in the United Kingdom on or before Friday October 24 1986.

The effective rate of non-resident shareholders' tax is 14.8795 per cent.

The dividend is payable subject to conditions which can be inspected at the Head and London offices of the company and also at the offices of the company's transfer secretaries, Consolidated Share Registrars Limited, 1st Floor, Edura, 40 Commissioner Street, Johannesburg 2001 (P.O. Box 61051, Marshalltown 2107) and Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per T. S. Johnson
Divisional Secretary

Head Office:
44 Main Street
Johannesburg 2001
October 9, 1986

London Office:
40 Holborn Viaduct
London EC1P 1AJ

UK COMPANY NEWS

Holt Lloyd accelerates to 15% profit growth

BY ALICE RAWSTHORN

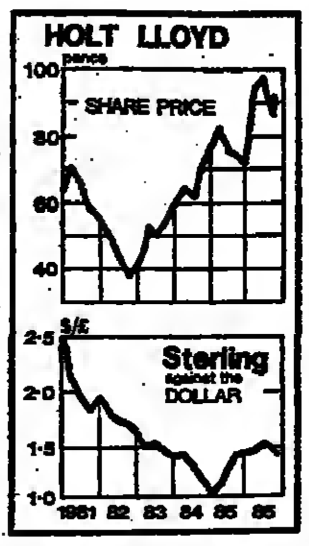
Holt Lloyd, the car care products and speciality chemicals group, yesterday announced a 15 per cent increase in pre-tax profits to £3.56m for its first half, despite relatively sluggish sales in Europe in the opening weeks.

"In the first few weeks of the the first half we were cautious about the prospects for the interim period but, as things have turned out, we are very pleased with our progress in almost every market," said Mr Tom Heywood, the company's chairman.

Chiefly due to adverse weather conditions Hold Lloyd's sales of car care products in the UK were relatively static, increasing marginally to £12.93m (£12.63m).

Overseas and export sales were more buoyant, however, rising to £31.75m (£27.01m). Growth was particularly strong in France and West Germany and Holt Lloyd recovered ground in Canada, where it implemented a restructuring programme last year.

New Zealand was a difficult market, however, in which the problem of adverse currency was compounded by a change in wholesaling activities.



In past year's Holt Lloyd suffered from exposure to adverse currencies; overseas sales account for 70 per cent of turnover. In the first half currencies had only a negligible effect, however, and if sterling continues to slide Mr Heywood anticipates a slight benefit in the full year.

Operating profits rose to £4.18m (£3.71m) in the 28 weeks to September 13. Earnings per share increased to 4.16p (3.48p)

● comment

For years Holt Lloyd's performance has been victim of the vagaries of exchange rates Conventional wisdom had it that the company would beef up its domestic activities in order to counter this. Yet the company has opted for the opposite route. The domestic market is approaching saturation, so Holt Lloyd has set its sights overseas for growth. It will rely on a hroader spread of international markets and, possibly, a change in accountant tactics to average yearly exchange rates for protection. After two years of costly and complex restructuring the Canadian speciality chemicals concern, Kert, is now poised for more dynamic growth. Once this is achieved Holt Lloyd may finally convince the City of the logic of its move to the chemicals sector. Until then with projected profits of £7.2m the prospective p/e of 11, on yesterday's share price up 4p to 94p, still hovers in the twilight zone between industrials and chemicals.

Interest rise pegs Maunders growth

John Maunders Group, residential and industrial estate builder, lifted operating profits by 17 per cent to £3.14m on turnover up 39 per cent, to £29.55m in the year ended June 30, 1986.

However, a rise in the interest payment from £704,000 to £1.06m held pre-tax profits to £2.1m, an increase of 7.5 per cent. This was about what the City had expected and ths shares yesterday remained at 182p.

Mr John Maunders, the chairman, said the group's Southern arm, set up during the year, was now fully operational and had made a good contribution to both turnover and profits. In spite of setting up costs it was rsturning similar margins to the North West.

The group'e policy of building homes for second time buyers was proving successful, Mr Maunders said: In the North West over half of the units completed in the second half of the year were for the second time buyer and this proportion would increase in the current year.

In the South, due to the inherited work in progress and planning permissions, only e fifth of the legal completions in the period were in the second time buyer market. New sites had, however, been ecquired, and this proportion would also increase.

With sales in the North West and the South continuing at a satisfactory level, Mr Maunders looked to the continued prosperity of the group.

Mr Maunders said that in the current year the number of residential units was likely to be little changed from last year, 756, but the move upmarket would produce higher returns.

In 1985-86, operating profits in the houses section rose 30 per cent to £29m, while those on land were reduced from £73,000 to nil and industrial buildings from £351,000 to £207,000.

Operating margins for the houses section improved to 11.1 per cent, hut those for the group were lower because no land was sold and because of accounting practices arising from the establishment of the industrial buildings section.

Tax took £886,000 (£946,000) and minorities £68,000 (£93,000), leaving earnings at 21.02p (17p). Dividends are lifted to a total of 5p against 4.5p, with a final of 2.6p.

Ambitious expansion plans for new Walker Greenbank group

BY PHILIP COGGAN

C & W Walker Holdings, the engineering company which was reversed into by Multiple Industries Group in January, and which merged with Greenbank Group only last month, announced both its and Greenbank's interim figures yesterday. The new company will be known as Walker Greenbank.

Pre-tax profits at C & W Walker were up 150 per cent at £631,000 (£250,000), after interest payable of £127,000 (£252,000). Turnover was up to £7.2m from £6.4m. The tax charge was £158,000 (£65,000) and fully diluted earnings per share were 2.01p (1.12p.

Greenbank's pre-tax profits were £587,000 (£506,000) on a turnover of £10.06m (£8.41m). After a tax charge of £182,000 (£188,900), Greenbank's earnings per share were 1.41p (1.26p).

Sir Anthony Joliffe, chairman, a former Lord Mayor of London, has ambitious plans for the group, aiming for turnover of £200m within three years. With his partner, Mr John Pither, Sir Anthony founded Multiple Industries group in 1983, by adding Gantry Railing and Altair to companies from Mr Pither's Watford Metal Industry Group.

They decided against joining the Unlisted Securities Market and instead reversed into C & W Walker, an engineering company which had not paid a dividend since 1980.

September's merger with Greenbank created a new group with a market capitalisation of £25m. The two companies had related interests in both filter technology end in lift systems. For Walker, the merger greatly strengthened its balance sheet, reducing the gearing from 122 per cent to the current 41 per cent.

The new group has been reorganised into six divisions: environmental, which includes water and air treatment; special handling, which supplies lifts for military and retailing uses; sub-contract engineering, which includes much of the old C & W Walker business; materials engineering; special purchase machinery, where the company sees a bright future for its welding machines subsidiary; consumer products, which at the moment consists only of McKendrick & Wane, the carpet management company. Consumer products is Walker Greenbank's primary target area for expansion.

At the moment, Sir Anthony his several companies in his sights for acquisition although his aim is to build up the group through agreed, rather than hostile, bids. In the long term, he would like to build up an industrial holding group with substantial non-engineering interests.

The purchase agreement for Multiple Industries included a deferred consideration dependent on future profits performance and as a result of these figures, a further 1.8m Walker shares will be issued. In total Sir Anthony and Mr Pither now hold 14.6 per cent of the enlarged group.

Although no interim dividend is being paid to C & W Walker shareholders, Greenbank is paying 0.9p (same). For the year ending January 31, the directors of Walker Greenbank intend to pay a final dividend of 1.5p net.

Little growth seen this year for Spirax-Sarco

Spirax-Sarco Engineering, a specialist in fluid control equipment, is looking to next year for progress as plans for achieving increased market share, introducing additional prodncts and improving productivity, take effect.

The first half of 1986 produced pre-tax profits statis at £6.9m. The uncertain trading conditions were likely to continue to affect the second half, the directors said.

Current order levels showed only modest growth in real terms.

In the first half turnover came to £43.79m (£42m), and trading profit to £8.61m (£8.71m). Comparative figures have been adjusted to account for average exchange rates.

Order trends were satisfactory in the early part of the year. But the consequences of an increasingly depressed UK economy, particulaly affecting manufacturing industry, and quiet trading conditions in many European countries, had been that order levels over the whole period were only marginally up on 1985 in real terms.

In the US, the group began to see an improvement in order levels in real terms towards the end of the period, and the directors were satisfied that market share was being increased.

After tax £2.7m (£2.64m). allocation to share ownership schems £134,000 (£127,000) and minorities £126,000 (£72,000). the attributable profit came through at £3.95m (£4.06m). Earnings were shown to be 5.6p (5.8p) and the interim dividend is held at 1.5p net.

Dataserv advances 34% despite expansion costs

Dataserv, the London-listed international computer services company, raised pre-tax earnings by 34 per cent from $1.65m to $2.21m (£1.54m) for the first half of 1986.

The company, which has been rapidly expanding its computer maintenance, increased gross revenues from $61.41m to $85.02m. Net earnings, after a full tax provision of $0.92m ($0.65m) increased by 29 per cent from $1m to $1.29m.

The interim dividend, payable on shares outstanding prior to the recent rights issue, has been increased from 6 cents to 7.5 cents.

The company said it was confident that results for the year as a whole would be satisfactory. Last year'e pre-tax earnings totalled $3.51m.

Initial costs of Dataserv's sustained and rapid expansion in computer maintenance had had some impact on first-half profits, but the division had still produced earnings in line with expectations. Interim results for the maintenance group represented over 60 per cent of consolidated pre-tax earnings.

Maintenance contracts already in operation had produced the profits anticipated, while valuable new contracts were started in the first half which would begin to contribute to profits during the latter months of 1986.

● comment

Dataserv has been through an almost frenetic bout of fund-raising and acquisitions in an attempt to have itself re-rated as a computer maintenance rather than a leasing stock, but thet results are taking longer to come through than it wishes.

On the trading front, the maintenance side of the business has been jacked up to the point where it now provides about 60 per cent of profits — a dramatic upsurge, but one which has to be seen against uninspiring performances from the parts operations and the leasing side itself. The costs of expanding the maintenance group so quickly have presumably not proved easy to swallow. As far as the market was concerned, yesterday's figures proved little. With $9.5m in sight for the full year, the shares, unchanged et 160p, are still stuck on e prospective price/earnings multiple of under 9, indicating that the market is prepared to bide its time before putting Dataserv in the same brecket as DPCE.

TSW profit up by 34%

A 20.5 per cent increase in edvertising revenue enabled TSW-Television South West Holdings to increase its pre-tax profit by 34 per cent, from £1.43m to £1.91m, in the year ended July 31, 1986.

In the year, sales from other activities showed a reduction, so total turnover rose by 19 per cent to £28.44m.

Heavier contributions were made to Channel 4, being £3m (£2.66m), and to Exchequer Levy £883,000 (£802,000), and there was an initial allocation to employee profit sharing of £75,000.

Tax took £757,000 (£560,000) to leave the net profit at £1.15m (£873,000), for earnings of 5.33p (4.04p) per share. The final dividend is stepped np to 1.41p for a net total of 2.05p, compared with 1.7p.

Johnston up to £2.6m

Johnston Group, civil and mechanical engineer, raised pre-tax profits by 37 per cent from £1.9m to £2.63m for the first half of 1986. Turnover was 25 per cent higher at £32.84m, against £26.22m.

Mr Graham Johnston, the chairman, said that generally order books were at satisfactory levels, and he anticipated that second half profits would be not less than the £3.63m pre-tax made in the same period of 1985.

Civil engineering and road maintenance significantly increased their contribution, as against 1985 when results were depressed by poor weather conditions. Pipes and roadstone also showed substantial profit rises with the contribution from engineering being maintained.

UK COMPANY NEWS

Higgs & Hill up 20% and acquisition benefits to come

Higgs & Hill, construction, property and housebuilding group, lifted pre-tax profits by 20 per cent from £3.85m to £4.61m for the first half of 1986, on turnover 7 per cent higher at £104m.

The results excluded those of Southend Estates Group, which was acquired after June 30. The company said yesterday that the integration of the housebuilding and property activities of Southend Estates was proceeding well and the benefits of this acquisition would show through in 1987.

With stated earnings, before extraordinary items, up from 20.1p to 24.7p, the net interim dividend is increased to 5.5p (5p) — last year's total was 13.6p on £8.58m pre-tax profits.

The company said its UK construction division had again increased turnover and achieved a satisfactory half year profit in spite of depressed margins in what continued to be a very competitive market.

Overseas, good results had been obtained, but because of continuing lack of orders, the company had, as planned, reduced its presence both in the Caribbean and in Egypt. Other opportunities were being explored.

The homes company had continued to benefit from strong demand in the South East where several new sites had been opened recently. As a result of the Southend Estates acquisition, the group now had a much wider market throughout the south of England.

The UK property company had continued to enlarge its on-going development programme and was currently engaged in some new joint venture opportunities.

In France, the company said demand for space had been encouraging for its developments in the Paris area, and the level of lettings and sales achieved so far this year had been good.

The company was confident that 1986 would be another successful year.

● comment

The acquisition of Southend Estates in the summer has given fresh impetus to Higgs and Hill's metamorphosis. Five years ago, some 70 per cent of profits were coming from construction: today the figure is nearer 50 per cent, while the rest comes from property development and housing. With more than 30 sites now spreading across southern Britain from its East Anglian heartland, Higgs is well placed to take advantage of the strength of the housing market, and it is this, together with a property division boosted by the income from its Charing Cross Road development and the Digital Equipment letting in Reading, which has been leading the growth at the pre-tax level. For the current year, Higgs says it is too early to expect much from Southend, so around £10.3m is in sight on a tax charge rising to 40 per cent. That produces a prospective p/e ratio of 12 at yesterday's close of 590p — not demanding when set against the prospects for the enlarged group next year but perhaps unsurprising in a sector dogged by interest rate pessimism.

Britannia Security profits trebled

By Philip Coggan

Britannia Security Group yesterday announced full year pre-tax profits almost trebled to £1.8m, the £400,000 purchase of Ultra Security Alarms, and its intention to transfer to the main market from the USM.

In the course of the past year, Britannia has made four major acquisitions: the White Group, Phoenix Security Services, Tele-Link Archives and Kestrel Data Services. The first two are merger accounted into these figures. Had all four companies been included on a merger accounting basis, pre-tax profits would have been around £2.8m.

Pre-tax profits for the full year to June 30 compared with a restated £626,000 in the previous year. Sales were £11.86m (£8.48m). After tax of £195,000 (£79,000), minority interests of £19,000 (£14,000) and an extraordinary loss of £66,000 (£18,000), earnings per share were 9.1p (3.87p).

The final dividend is being raised to 0.9p, making a total of 1.5p (1.25p).

During the course of the year, the alarm division has been re-organised and re-launched under the name Britannia Security Systems.

Ultra, which operates in Merseyside and the West Country, is the seventh small alarm company acquired in the past year, bringing the total of UK branches to 21. The consideration for the purchase will be in the form of £110,000 worth of ordinary shares with the balance in cash.

Britannia's long-term strategy is to create a broadly-based security group, which will have a substantial proportion of recurring income. Tele-Link Archives and Kestrel Data Services, which both operate in the field of document and computer data storage, have been integrated into a new business services division.

The White Group, which operates large scale security projects, including the News International plant at Wapping, now forms the bulk of the integrated systems division.

Britannia, which joined the USM in 1984, hopes to be the first USM company to transfer to the main market after Big Bang. The shares closed unchanged at 123p which compares with 62½p at flotation.

Closure costs hit Silkolene first half

The difficulties facing Silkolene Lubricants were exacerbated by the costs of closing the re-refining plant in the half year ended June 28 1986.

Re-refining operating losses charged held back the pre-tax profit to £31,000. Extraordinary costs associated with the closure were £237,000, leaving an attributable loss of £228,000.

However, the interim dividend is maintained at 3p net

In the first half of 1985 the group earned a pre-tax profit of £441,000, but in the second ran into a loss of £16,000.

That already difficult situation was exacerbated by a further significant fall in crude oil prices, and the directors announced at the end of May their decision to close the re-refining plant.

The directors said yesterday that having reshaped the organisation, removed excess resources and stemmed the losses from re-refining, they could view the future with confidence.

Sporting goods boost to Grampian Holdings profit

DESPITE LOWER turnover and a loss on the retail side, Grampian Holdings, the industrial holding group, raised its pre-tax profit from £910,000 to £1.13m, or by 24.5 per cent, in the first half of 1986.

Mr Bill Hughes, chairman, said the retail side suffered from significantly reduced numbers of tourists, especially in Scotland, and ran into a trading loss of £275,000 (profit £125,000) from turnover of £3.34m (£4.76m).

It was still experiencing slack demand, he said, but all other divisions continued to perform well. He looked forward to another satisfactory outcome over the year—in 1985 the group made £3.42m.

The highlight of the half year was in sporting goods, where turnover rose from £5.25m to £6.58m and profit from £190,000 to £490,000.

In Mitre, new products launched in the UK found good market acceptability and order books remained strong. In golf, Ben Sayers showed a further profit advance on higher sales both in the UK and export markets, and the first six months trading in Penfold was ahead of expectations.

Pharmaceuticals produced turnover of £2.13m (£1.9m) and profit £200,000 (£130,000). The chairman saw significant opportunities to expand and said plans were in hand to double the size of the manufacturing plant in Dundee.

Activity levels remained buoyant in transport, especially in short haul operations, and margins improved. The planned rationalisation of the construction side was on schedule.

These divisions combined produced a turnover of £11.27m (£14.7m) and profit of £923,000 (£710,000).

The interim dividend is lifted from a scrip adjusted 1.33p to 1.5p net, costing £313,000 (£271,000).

APPOINTMENTS

Changes at Citibank's financial institutions group management

CITIBANK'S London financial institutions group (FIG) has made the following appointments: Mr Mike McGillicuddy becomes head of the correspondent banks division. Previously responsible for the division's UK banks team, he replaces Mr Bill Grant who has been appointed managing director of Citicorp's discount house Seccombe, Marshall and Campion. Mr Roman Kadron, formerly manager of customer services for Citicorp information resources in the US, takes charge of the operations division. Mr William Emery III, previously regional supervisor for North Europe risk asset review, has been appointed head of risk management.

★

WARD WHITE GROUP has appointed Mr Colin Dunmore as chairman and chief executive of Ward White UK footwear and safety operating group. Mr Dunmore joins Ward White from Clark's Shoes (a subsidiary of C. & J. Clark) where he was director of manufacturing. The appointment follows the death of Mr Peter Arber earlier this year.

★

Mr Ben Davies has been reappointed deputy chairman of the SEA FISH INDUSTRY AUTHORITY.

★

WADE POTTERIES has appointed Mr J. Crosland as a non-executive director. He is a director of Robert Fleming and Company, the company's merchan bankers.

★

Mr Bruce Todd has been appointed to the board of CROWN TELEVISION PRODUCTIONS as director responsible for television production. Ms Barbara Currie has resigned as a non-executive director. Ms Dianne Martin and Mr Robert Blatchford have been appointed respectively sales director and editorial director of Crown Television Facilities. Mr A. J. Coppin has ceased to be a director of this company. Ms Felicity Chadwick is appointed a director of Crown Computer Graphics.

★

Mr T. Desmond Wright has been appointed secretary of the ACCOUNTING STANDARDS COMMITTEE from January 1 1987. He is a senior manager in the technical department of Touche Ross. Mr Tony Carey has been appointed under-secretary to the commitee from November 17. He is a manager with Binder Hamlyn.

★

Stockbroker SAVORY MILLN has appointed Mr Niel Sebag-Montefiore to develop business in Spain and Italy. He was general manager of ANZ-Grindlays group representative office in Madrid.

★

Mr Richard Healey has been appointed managing director of HELLERMANN ELECTRIC, a Bowthorpe Holdings Group subsidiary. He was on the board of the HAL Group where he was managing director of each of the overseas subsidiaries and the group commercial director responsible for finance and marketing.

★

Mr Ted Gorman has been appointed regional director, personnel services division, P-E CONSULTING SERVICES, based in Manchester.

★

Mr Jan de Vries has been appointed to the new post of general manager of all WEIR operations in Aberdeen. He will remain general manager of Weir Houston Engineers, a Scottish-American joint venture.

★

Mr Noel Walker, managing director of Regis Securities, has been appointed chairman of the registrars' group of the INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS. He is a senior consultant to Ernst & Whinney, of which Regis Securities is an associate company.

★

CARRIER UK has appointed Mr Christopher Mills as managing director of Carrier Service. He takes over from Mr Ray Ward, who has joined the Carrier European headquarter's team as director of service.

★

Mr Nigel Humphreys has become chairman and Mr Patrick Alexander and Mr Bryan Tonkinson have become non-executive directors of TYZACK & PARTNERS (BRISTOL).

★

Mr John Handley, managing director of ROLLER CHAIN DISTRIBUTORS, Wolverhampton, has been additionally appointed chairman of RCD's parent company, the International Flexon Group, Holland.

★

Mr Gareth Pearce has been appointed a partner of SMITH & WILLIAMSON and a director of Smith & Williamson Securities, of which Mr Henry Parker has also been appointed a director.

★

Mr Brian Holland has been appointed managing director of ENVELOPES INTERNATIONAL. He was managing director, Polylope.

High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	133	—	7.3	5.5	8.1	7.8
151	121	Ass. Brit. Ind. CULS	130	—	10.0	7.7	—	—
126	43	Airsprung Group	96	—	7.6	7.8	8.0	6.4
46	28	Armitage and Rhodes	36xd	—	4.2	11.7	5.0	4.6
192	108	Bardon Hill	192	—	4.6	2.4	21.8	20.0
81	42	Bray Technologies	80	—	4.3	5.4	9.6	8.7
201	75	CCL Ordinary	90	—	2.9	3.2	6.4	10.0
152	86	CCL 11pc Conv. Pf.	88	—	15.7	17.8	—	—
255	80	Carborundum Ord.	255	—	9.1	3.6	12.3	12.6
94	83	Carborundum 7.5pc Pf.	93	—	10.7	11.5	—	—
139	46	Deborah Services	139	—	7.0	5.0	14.5	19.0
32	20	Frederick Parker Group	23	—	—	—	—	—
126	60	George Blair	106	—	3.8	3.8	2.7	3.8
84	20	Ind. Precision Castings	84	+4	3.0	3.6	22.2	18.5
218	152	Isis Group	152xd	—	16.3	12.0	8.7	6.8
125	101	Jackson Group	125	—	6.1	4.9	8.5	7.6
377	228	James Burrough	368	+2	17.0	4.6	10.3	8.4
100	85	James Burrough 9pcPf.	94	−1	12.9	13.7	—	—
1036	342	Meltihouse NV	840	−10	—	—	44.0	57.4
380	260	Record Ridgway Ord.	379	—	—	—	6.6	11.7
100	88	Record Ridgway 10pcPf	88	—	14.1	16.0	—	—
88	32	Robert Jenkins	88	+1	—	—	3.9	5.5
38	28	Scruttons "A"	37	—	—	—	—	—
120	86	Torday and Carlisle	120xd	—	5.7	4.6	7.3	7.4
370	320	Travian Holdings	322	—	7.8	2.5	8.7	8.8
70	26	Unilock Holdings	69	+1	2.8	4.1	12.7	11.9
102	47	Walter Alexander	96xd	—	5.0	5.1	8.4	9.0
226	190	W. S. Yeates	197	—	17.4	8.8	19.7	21.9

MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Apple Computer

Why technical wizardry needs a hard sell

Louise Kehoe reports on the latest launch

WHEN, 10 years ago, Apple Computer introduced its first personal computer, potential customers were supposed to be instantly drawn by the list of performance features used to promote computers and other high-tech gear. Products, it was assumed would "speak for themselves."

With last month's launch of its latest product, the "Apple IIGS" computer, Apple demonstrated how radically computer marketing has changed over the past decade. Today, computer makers out-do even the car and film industries with their ritzy launch "events." Multi-million dollar advertising campaigns have become the norm. Extensive efforts to create a receptive environment go on behind the scenes before a product introduction and elaborate consumer market research predetermines the critical "positioning" of new products.

For Apple, the challenge of developing and building a computer that outperforms its competitors has become just the first step in a carefully orchestrated plan to create demand for its products. Apple's oft-stated goal has been to become a "great marketing company" as well as a "great product company," says John Sculley, company chairman and chief executive.

The Apple IIGS is the first Apple computer that can literally "speak for itself"—in 15 different voices—and it will be backed by one of the most sophisticated marketing efforts in computer industry history.

Beginning with a worldwide launch last month, Apple set about creating widespread publicity for its production introduction. To ensure interest, the company flew its executives to 12 major cities around the globe. "We want to get people talking abont home computers again," explains Tom Virden, IIGS marketing manager.

The biggest event took place close to Apple's headquarters in Cupertino. California. The company hired the auditorium of a local college to seat an audience of about 3,000 employees, press and analysts. Apple chairman, John Sculley, chief operating officer, Del Yocam, and company co-founder, Steve Wozniak, stage-managed product introduction complete with special effects, including a flying saucer that emerged from clouds of smoke to hover over the bemused audience with a neon-lit replica of the new computer suspended beneath it.

Although the launch marked the first public showing of the Apple IIGS computers, many if not most of the journalists and analysts who attended the presentations were already privy to Apple's secrets. In what has become a key element of Apple's product introductions, the press, analysts and other "industry luminaries" whose opinions are considered important were invited to private "sneak previews" of the product.

Primed with information from company executives, the analysts, it is assumed, provide the best kind of word-of-mouth advertising for Apple's products. Which of them could resist sharing a few of the "secret" details of the soon-to-be-announced product?

This system has worked well for Apple in the past. But with each product launch Apple has extended its "sneak" programme to include an ever wider range of "influence mongers" reaching the point where few with any interest in the industry are not fully eware of Apple's product plans in advance. Instead of setting the stage for the IIGS launch, the IIGS sneaks made the product "old news" even before it was unveiled.

To rekindle excitement about the IIGS, Apple will hold yet another "show," this week in New York, to introdnce its new advertising campaign. This will be the company's first major US TV advertising campaign in over a year and will run next week during the World Series baseball championships, said to be among the most heavily watched TV programmes in the US.

With its TV ads, Apple will address the key question that "increasingly pragmatic" consumers and business users are asking: "What will a personal computer do for me?" No longer impressed with the "gee whiz" of high technology, people must feel they really need a personal computer before they will buy. Apple has come to recognise this.

Apple's answer: a personal computer gives you "the power to be your best"—it is a tool to maximise your personal achievements, the company claims.

This theme is powerfully communicated in Apple's new series of eds showing schoolchildren displaying their computer competence, teenagers using a computer to revise for exams, office workers receiving recognition for their work produced on a computer and middle-aged businessmen admiring reports produced on an Apple Macintosh.

Some of the ads tell parents their kids will do better in school if they have a personal computer, to the tune of "teach your children well." Others imply that PCs will help you in your career or business ventures.

Apple's advertising is designed to spread the "gospel" that a personal computer is nothing to be afraid of; that the PC user is in command of his machine; that kids need computers to do well in school but that Apple computers are not just for kids and that Apple is a solid, dependable and supportive company.

Although guaranteed to grab some headlines, Apple's IIGS launch is more restrained than its 1984 Macintosh introduction, which included the single airing of the award-winning multi-million dollar Orwellian "1984" TV commercial. The reason, according to Apple, is that the competitive environment for personal computers has eased over the past two years.

It is also because Apple will not be able to make too many of the new model until it overcomes a shortage of specially designed chips. "The role of the IIGS this Christmas is to demonstrate Apple's commitment to the Apple II product line," says Sculley. The IIGS will not come into its own until next summer, when Apple hopes it will sell in volume to US schools. By Christmas 1987, the consumer market will be ready for the product, Sculley predicts. In the meantime, Apple will use the IIGS as a flagship product to create excitement about its rather dusty older models.

Consumer trends

Paradox of future lifestyles

Feona McEwan analyses a report that offers guidance for marketers

JOHN NAISBITT'S vision of America as an increasingly information-based society in an entrepreneurial economy has already made him a lot of money. His book, Megatrends, has sold 7m copies and has been translated into 22 languages.

Now, his company, Naisbitt Group, has attempted to turn his social and economic soothsaying into hard advice for marketing people. In a report commissioned by McCann-Erickson, the international advertising agency, Naisbitt Group attempts to see what opportunities lie ahead as leisure patterns change in America and Europe.

The research is based primarily on analysis of newspapers, magazines and other pnblications such as trade and professional journals. It was conducted over the period January to April 1986 in the US, UK, Spain, Italy, France and West Germany.

The findings are "backed up and interpreted with the help of published or proprietary statistics and other conventional research studies as appropriate," explains Christine Restall, McCann's strategy planning director for Europe. "The approach is to examine the present, via emerging trends, in order to comprehend and manage the future."

The trends highlighted in the report have implications for those involved in strategic thinking, from marketing managers and brand managers, through to advertising planners.

One of the most far-reaching changes in leisure lifestyle that will occur over the next 10 years, according to Naisbitt, is the emergence of the global lifestyle. The so-called New Wave generation — aged 21 and under — will reflect a shift in values from the liberal, permissive approach of the 1960s to a 1980s conservatism that is pro-technology, environmentally unconcerned and less inclined to worry about health and fitness. The predominant worry will be employment.

In a curious but predictable paradox, nations will welcome foreign technology and culture on the one hand, but will seek to preserve old traditions, domestic and ethnic culture on the other. They may eat globally-marketed products, but the style of preparation will reflect local tradition. They may watch internationally-produced television and films, but they will flock to watch domestic theatre productions that are more personally relevant.

The home, where much leisure time will continue to be spent, will evolve into an electronic wonderland with gadgets that are sophisticated but easy to use. That goes for cars with digital dashboards as well as ovens which switch from radiant to convection at the flick of a switch. Personal computers are not expected to penetrate the home market as dramatically as was once estimated. Concurrent with the technological advances will be the desire for personal involvement in activities such as gardening, needlework and home maintenance. Naisbitt calls this the balance of hi-tech/hi-touch.

> The so-called New Wave generation will reflect a shift in values from the liberal, permissive approach of the 1960s to a 1980s conservatism that is environmentally unconcerned and less worried about health and fitness

This "balance" is demonstrated by the consumer who spends hours on a diy project and then sits down to a convenience meal; or the consumer who eats salad and ice cream at the same sitting. He is neither a "health hysteric" nor "fast-food junkie," says the report, but seeks a mix of the good life and the healthy life. In the next decade Naisbitt predicts European markets will increasingly reflect this search for balance between what it calls the known and the new. Health food consumption will grow, but so will that of meat. The market for spirits will decline, but beer and wine sales will not. While fast food flourishes, so, too, does haute cuisine.

The demand for convenience goods, such as labour-saving gadgets, costly though they are, will increase, especially in the US, where there are many two income families, though in Europe (with its contracting economy and fewer two income families) demand will be marginal. Young Europeans exposed to the American way of life, yet experiencing high unemployment, will get caught in "a whirlwind of consumer hope and despair." One exception to limited growth in Europe is fast food which will thrive as Western Europe replaces its traditional long lunch with a quick meal. Quality, price and convenience will be a priority.

One effect of the fragmentation of consumer markets, from food to fitness, is that consumers become paralysed for choice. Already the US is verging on product hysteria, says the report. Faced with a jungle of choices, consumers will return to hrands and prodncts they feel they can trust. "Brand loyalty will he a formidable barrier to new products," says Naisbitt. "Markets need not be monolithic to be successful; indeed those that are will not remain competitive."

As the information and service economy proliferates (already 50 to 70 per cent of populations in developed countries work in these areas) and work and leisure overlap more and more, Europe will begin to parallel the US—although not entirely. Culture and historical legacies in Europe will see that it remains "more ordered, with more government intervention in the economy and more protected against change and dislocation."

Europeans, predicts Naisbitt, are likely to become more entrepreneurial, showing less pessimism and more action as governments and populations realise there is no short cut to prosperity.

As television becomes ever more international, satellite broadcasting will lead to more uniform global advertising and therefore more standardised global products. Despite the levelling off of American cahle and satellite broadcasting growth the influence of television (both commercials and programmes) shows no sign of abating. Leisure lifestyles, nurtured on similar images around the world, will continue to be influenced by the medium.

Fitness in the US is a religion, and health centres, according to Naisbitt, have overtaken smoky discos as the favourite location to find a mate. Once they were as barren as a gymnasium, but they are now filled with restaurants and bars, among other facilities. Europe will keep up its fitness interest, though not to the same fanatical extent, (the US consumes 47 per cent of all fitness goods produced worldwide, 55 per cent of them from south east Asia). The real growth industry in the US is home gym equipment, though this is not thought likely to catch on in smaller European homes.

The toy market is predicted to "mature." Decling birth rates, especially in West Germany, bode ill for makers of children's toys and games, though the adult game market is showing steady growth — especially those which test knowledge and intellect.

One result of improved living standards is the growth in the big ticket luxury goods, especially those that express individuality. People who work in *similar fields with* similar leisure goals, increasingly wooed by global corporations with global marketing strategies, want to stand out from the crowd.

In France, expenditure on luxury goods grew by 20 per cent in 1984 while gross national product was up by 8 per cent. Other countries show similar trends.

Designer cars, designer clothes (for children, too) and furs are also increasingly sought after. The really big potential in personal luxury items, Nesbitt says, is the market targeted et men. Sales of men's skin care products amounted to $38bn in 1985 in the US alone. The men'a jewellery market has rocketed there, too, to $1bn, up 25 per cent on 1984.

**For further details on the Naisbitt Report on Leisure Futures contact either Christine Restall or Malcolm Miles at McCann-Erickson, 36 Howland Street, London W1 (telephone 01-580 6690).*

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§43	F.P.	—	59	49	‡Broad St. Grp.10p	51	—	b1.1	2.2	3.0	21.1
§130	F.P.	17/10	195	152	‡Creighton Labs 20p	193	−2	U3.7	2.2	2.7	23.4
160	F.P.	24/10	146	123	Euro Home Products 5p	135	+5	R4.25	2.5	4.4	10.4
§105	F.P.	16/10	112	103	‡Eve Construction	105	—	u4.5	3.2	6.0	7.4
§135	F.P.	—	158	145	‡Great Southern 10p	158	+5	R5.2	2.2	4.6	13.5
‖‖	F.P.	—	28	27	Group Development	27	—	—	—	—	—
105.25	F.P.	—	108	104	India Fund £1	108	—	—	—	—	—
§135	F.P.	24/10	175	145	‡Local London Group 5p	175	+5	W5.0	1.8	4.0	19.7
110	F.P.	—	121	119	Marlbor'gh Tech Man 5p	119	−2	R2.70	3.1	3.2	12.0
§105	F.P.	—	150	133	‡Miller & Santhouse 5p	148	+4	u2.25	2.4	2.1	27.6
§75	F.P.	24/10	79	73	‡Newage Trans 5p	73	—	R3.5	2.5	6.8	8.3
§25	F.P.	22/10	26½	25½	Nth of Scotland Inv 10p	26½	—	—	—	—	—
§90	F.P.	—	90	88	‡Radamec Group 5p	90	—	R1.28	5.7	2.0	12.3
135	F.P.	24/10	161	151	Sandell Perkins 10p	161	+1	d3.8	2.9	3.3	14.8
—	F.P.	9/10	18½	9	Sutcliffe Speak Wrnts	16	—	—	—	—	—
‖‖	F.P.	—	385	335	‡Utd. Trust & Credit £1	350	+2	u14.0	2.1	5.6	12.1
125	F.P.	10/10	156	136	Yorkshire TV	144	+3	R6.25	2.4	6.1	9.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
‖	Nil	—	1½pm	½pm	Comtech Finance 11½% Cnv. Uns. Ln. 1996	1pm	—
‖	Nil	—	7ppm	6ppm	‡Goodhead Print. 7% Cnv. Red. Prf.	7ppm	—
§100	£10	19/5	9½	3½	Mid-Sussex Water 11% Red Deb 2012-16	3½	−½
§99.937	£25	24/10	25¾	22¼	Nationwide 3¾% IL Ln. 2021	23¾	—
—	F.P.	—	100⅛	98⅛	Do 9⅞% 7/9/87	98⅛	−⅛
—	F.P.	—	100⅛	99⅛	Do 10⅛% 21/9/87	99⅛	−⅛
96.645	£25	8/1	24¼	17	Scot. Met. Prop. 10⅞% 1st Mort. Deb. 2016	18½	−¼
—	F.P.	—	111p	104p	Scott. & Newcastle 7% conv. Pref. £1	111p	+1
—	F.P.	3/10	98p	96p	Sutcliffe Speak 9½% Red. Cnv. Prf.	98p	—
¶¶	F.P.	24/10	122p	115p	WCRS 5⅝% Cnv. Cum. red. Pref. 1999	119p	—
¶¶	F.P.	—	95p	92½p	Walker (C & W) 6½pc Cnv Cum Red Pref	94p	—
¶¶	F.P.	—	104p	101p	Williams Hldgs 5¾% Cum Cnv Prf	101p	—

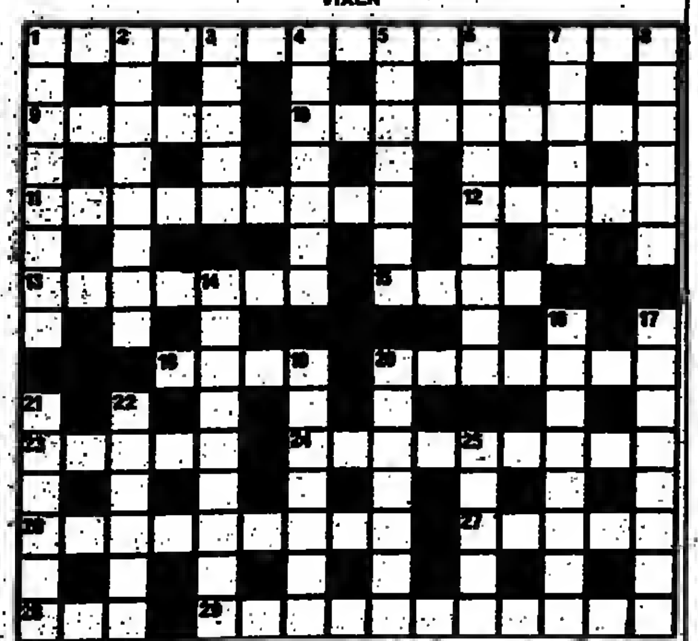
"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc Date	1986 High	1986 Low	Stock	Closing Price p	+ or −
125	Nil	—	10pm	8pm	Appleyard Group	10pm	—
140	Nil	—	24pm	21pm	Bowe Inds. 20p	23pm	−1
120	Nil	21/11	22pm	16pm	Brent Chemicals 10p	22pm	+1
70	Nil	—	66pm	63pm	Bromsgrove Inds.	64pm	−2
395	Nil	24/10	18pm	3pm	Bund	3pm	—
‖	Nil	24/10	1pm	½pm	Cambrian Venture Cap. 5p	¾pm	—
25	Nil	27/10	8pm	4pm	Christy Hunt	4pm	—
$1.80	Nil	—	12½pm	5pm	E.R.I.C.	5pm	—
75	Nil	11/11	30pm	24pm	Ind. Fin. & Inv. Corp.	26pm	—
30	Nil	—	9pm	6pm	Leisuretime Intl.	6pm	−1
215	Nil	24/10	5pm	2pm	New Court Nat. Res. 5p	2½pm	—
5	Nil	—	1pm	½pm	Platignum 5p	1pm	+½
140	Nil	—	16pm	13pm	Tilbury Group	13pm	−3
250	Nil	24/10	49pm	43pm	Tiphook 10p	49pm	—
50	Nil	—	7pm	6½pm	Thorgar Bardex 10p	6½pm	—
60	Nil	21/11	13pm	9pm	United Spring 10p	9pm	—
60	Nil	—	11pm	8pm	Western Selection 20p	9pm	—

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

FT CROSSWORD PUZZLE No. 6,146

VIXEN



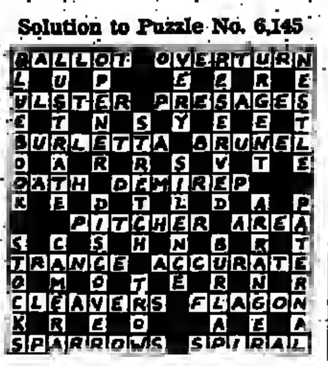
ACROSS

1 A ship can ram them wrongly turning North (11)
7 Little drink is returned on the quiet (3)
9 Retort nevertheless (5)
10 Bluster and rage on car breaking down (9)
11 Waste about a thousand in modern surroundings (9)
12 Sound refreshments cause annoyance! (5)
13 A plug for the jumble-sale worker (7)
15 The song was deliberately misleading (4)
18 Caustic article on one section of the police (4)
20 Dicky, a driver, achieved success (7)
23 Lists some rare natural phenomena (5)
24 Caught suspect—to be beaten (5-4)
26 Guides come down with foreign currency (9)
27 Heartless seaman out to get fish (5)
28 There's a great rocky outcrop to the right (3)
29 Hunter may well go ahead (11)

DOWN

1 The instructor's main-road anxiety (8)
2 Getting into a car as a form of protection (8)
3 Keep round pounds or split (5)
4 Had meals in the home, being most fastidious (7)
5 To spoil it, a trainee wedded (7)
6 Clothing suitable for retirement (9)
7 Famous sailor finding wrongdoing immoral (6)
8 He'd strip an old constable (6)
14 A number, having failed medical, cheered (9)
16 Left behind the public sphere all right! (8)
17 The takeover of the long-distance record (8)
19 Merit of French verse-translation (7)
20 Gathers a university man fools around (7)
21 Friend allowed to make bed (6)
22 Suggest some hesitation is more common (6)
25 Re-tax crooked characters additionally (5)

Solution to Puzzle No. 6,145



AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS & INSURANCES

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	27.2	29.0	—	0.15
Pacific Basin	21.6	23.1	—	0.2
Canadian Balanced Grwth	57.8	61.8	—	0.98
Gemini Max	102.4	109.8	—	7.0

Westdown Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS 0272 428431

British Smllr Co's (z)	55.7	57.3	-0.1	1.5
British Growth (z)	65.8	67.7	+0.3	2.5
British Income (z)	63.2	66.0	+0.2	4.75
Britain Extra Yield(z)	50.0	50.0	+0.1	7.0

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085/6

Short Dtd Gilt Fd	67.8	68.9	—	—
U.S. Govmt Bond Fd	$0.514	0.517	+0.001	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Capital & Equity Tst	48.1	51.2	+0.1	7.67
Growth Trust	51.8	55.2	+0.2	2.26
Income Trust	53.0	56.4	-0.4	5.15

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	68.5	72.8	—	2.90

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	127.6	135.8	+0.7	3.10

INSURANCES

AA Friendly Society
(Investment Mngt. M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4WW 0222 35542

AA Friendly Sy Aug 12	—	105.9	—	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	102.0	108.0	—	—
Risk & Reward Bond	123.0	130.0	—	—
Murray Johnstone Fd	123.0	130.0	—	—
Money Market Fd	107.0	113.0	—	—
Ivory & Sime Pens Fd	104.0	110.0	—	—
Risk & Reward Pens Fd	105.0	111.0	—	—
Murray J'stone Pens Fd	120.0	127.0	—	—
Money Market Pens Fd	107.0	113.0	—	—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent. Milton Keynes MK9 2NU Tel: 0908 690888

Current Series

For other prices please telephone

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds

Mixed	132.9	139.9	+0.6	—
Equity	148.4	156.3	-0.3	—
Property	109.7	115.5	—	—
Gilt & Fixed Interest	106.4	112.0	-0.9	—
Indexed Securities	98.0	103.2	—	—
Cash	107.9	113.6	+0.1	—
North American	108.7	114.5	+1.7	—
Far East	134.6	141.7	+2.3	—
International	127.5	134.3	+1.6	—
Special Situations	144.1	151.7	+0.2	—
International Income	139.8	147.2	+0.8	—
American Income	118.9	125.2	+2.3	—
European	152.9	161.0	+1.7	—

Flexible Retirement Plan

Mixed	137.1	144.4	+1.0	—
Equity	143.0	150.4	-0.4	—
Property	114.7	120.8	—	—
Gilt & Fixed Interest	111.1	117.0	-0.7	—

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	9.50			
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	9.25	6.80	9.25	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	9.25	6.91	9.59	Qtr
Mngt. Int. Chq.	9.25	6.91	10.04	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
High Int. Cheque Acc	10.125	7.57	11.04	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.30	6.95	10.13	Mth
Barclays Prime Account				
Wimbledon & South West Finance Cs Ltd 114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc	11.0	8.22	11.98	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	30	NEI	11
Amstrad	23	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	18
BSR	11	Polly Peck	16
BTR	28	Racal Elect	16
Babcock	17	RHM	20
Barclays	45	Rank Org Ord	45
Beecham	40	Reed Intnl	75
Blue Circle	55	STC	16
Boots	22	Sears	12
Bowaters	30	TI	42
Brit Aerospace	45	Tesco	32
Brit. Telecom	17	Thorn EMI	40
Burton Ord	28	Trust Houses	18
Cadburys	17	Turner Newall	18
Charter Cons.	22	Unilever	120
Comm Union	28	Vickers	40
Courtaulds	26	Wellcome	17
FNFC	17	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	85	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	85	**Oils**	
Guardian	75	Brit. Oil & Min	2½
GKN	32	Brit Petroleum	40
Hanson Tst.	16	Burmah Oil	30
Hawker Sidd	46	Charterhall	4
ICI	55	Premier	3½
Jaguar	38	Shell	55
Ladbroke	32	Tricentrol	11
Legal & Gen	24	Ultramar	18
Lex Service	28	**Mines**	
Lloyds Bank	38	Cons Gold	40
Lucas Inds	52	Lonrho	24
Marks & Spencer	18	Rio T Zinc	50
Midland Bk	44		
Morgan Grenfell	30		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Metal market broadens its options

BY DAVID OWEN AND STEFAN WAGSTYL

THIS WEEK'S announcement that the London Metal Exchange is to launch options in all six of the futures contracts it trades is an important stage in one of the few recent bright developments in the metal markets.

While futures trading has declined in volume in the mid-1980s, because metal prices have generally been moving sluggishly, options business has mushroomed. Trading has been particularly active this year, playing a vital part in the LME's recovery from the tin crisis.

Options allow investors to play the market with less risk, though at higher cost, than conventional futures contracts.

A handful of LME companies have developed the market, trading options off the exchange and laying off the risk through conventional futures contracts on the floor. Mr Paul Shuman, chairman of the LME options sub-committee, estimates that options and options-related business account for about 50 per cent of LME turnover. Three years ago it was under 10 per cent.

Off-exchange trading — in futures as well as options—has long been part and parcel of the LME's principal-to-principal trading system. But the LME is now obliged to bring it under its direct control as part of the changes involved in meeting the regulatory standards laid down in the Government's Financial Services Bill. On-exchange options are to start trading from the day that proposals to replace the LME's principal-to-principal market with a cleared market take effect—probably next March.

However, it is not just a question of satisfying the Securities and Investments Board, the City regulatory body. Metals options traders believe that bringing options onto the exchange floor will help promote business by making them more visible and increasing liquidity. Mr Simon Underhill, an options trader at Maclaine Watson, says: "Trade interest in options is already very good. But it should increase speculative business."

LME companies have offered clients options since the nineteenth century. But the current surge in activity on the LME dates back to 1983 when LME trader Rudolf Wolff started making two-way markets in copper and aluminium options and marketing them aggressively.

Wolff followed the example of the US exchanges, which have launched 34 options contracts in the four years since the Commodity Futures Trading Commission authorised the first three—including the New York Commodity Exchange's gold option. Fifteen of these options are in financial instrument futures, the fastest-growing area, 14 in soft commodities and five in metals.

Comex now trades copper and silver options as well as gold. But the fledgling copper contract has attracted relatively little interest since its launch in April.

In spite of the range of on-exchange options, custom off-exchange options remain popular with trade clients and non-US customers. (American investors are prohibited from using them) "Less business is conducted off exchange than on it," said one New York gold trader. "But off exchange volume is very substantial."

Mr Shuman, a trader at CRT, denies that the LME has been slow off the mark in comparison with US exchanges. There was simply no need to bring options on to the exchange floor before the introduction of a clearing system, he says.

There are now several market makers in metals options in London including Maclaine Watson, a subsidiary of Drexel Burnham Lambert, Shearson Lehman Brothers, an American Express group company Mocatta Commercial, a subsidiary of Standard Chartered Bank and CRT Options International, a specialist Chicago-based company.

The amount of options business transacted daily has climbed to an estimated 15,000-35,000 tonnes, with maturities ranging from one hour to 12 months. With an average 60-day life some 900,000 to 2.1m tonnes

Mr Paul Shuman, chairman of the LME options sub-committee.

of metal, worth up to £2bn, is outstanding on options contracts at any one time.

Aluminium is most heavily traded in the options market followed by copper, with zinc a long way behind but growing rapidly. Mr Dieter Worms, of Shearson Lehman Brothers, which started quoting metals options six months ago, says: "More than 50 per cent of aluminium business on the LME currently seems to be options related."

Traders and clients alike accept that options can exaggerate price swings in the market and they have blamed the squeezes which have hit the aluminium market this year on options traders. Aluminium producers, which were hostile to the LME trading the metal at all, remain suspicious of options, though they are beginning to use them.

Mr Jon Pither, chairman of Amari, the UK metals stockholder, told an aluminium industry conference in San Francisco recently that options trading "should be avoided or curtailed" on the grounds that it was on balance "destabilising."

"Of course options increase volatility," says Mr Manny Weiss, of trader Marc Rich, one of the most prominent buyers of off-exchange options in recent months. "The effect of options on declaration dates (the due dates) can be similar to the triple witching on the New York Stock Exchange."

Mr Shuman believes, however, that LME options rules can be framed to counter these problems. His committee proposes that LME options should be declarable two weeks before the prompt date for delivery of the metal—in order to give the market time, if it is needed, to buy metal to meet any shortages.

Making options visible by bringing them on to the exchange floor is also expected to help stabilise the market. Shearson Lehman's Mr Worms says: "Currently, if you were to trade a large tonnage in options no one would know. With an exchange traded contract, the overall exposure will tell you."

Finally, if liquidity increases the risk of jerky price movements should fall. Mr Shuman says the danger of a squeeze should be reduced by increasing the number of participants."

In any case, it is not as if the LME is creating a new market by launching traded options. Member companies are already heavily involved and their clients, both in the metal trade and investment communities, want the service. The biggest difficulty is finding enough skilled metal options traders to man the desks.

Chicago hog price rally continues

By David Owen in Chicago

CHANGEABLE WEATHER on the farms and the ending of fears of industrial action at two pork packing plants have brought fresh life to the Chicago hog market.

Futures prices continued to rise yesterday on the Chicago Mercantile Exchange. By mid-morning, the nearby October contract was up 1.17 cents at 53.62 cents a lb bringing the total increase over two days to 2.67 cents. This is a significant movement for a normally dull market.

Two factors appear to have been responsible for the sharp gain, analysts said.

First, meat packers at two major pork packing plants in Louisville, Kentucky, voted on Monday to accept new labour contracts. This dispelled fears of a stoppage raised last week when workers at one of the plants rejected an initial offer. Slaughtering meanwhile resumed at a third location, the Swift Independent Packing Company in Marshalltown, Iowa, despite a continuing week-long strike.

Second, the return of sunny weather in the mid-West after two weeks of heavy storms prompted many hog cereal farmers to resume their interrupted harvests, in turn reducing hog marketings. Overall, marketings are running some 10 per cent below year earlier levels, analysts estimate.

Pork belly, and cattle futures, which rose in sympathy with hogs on Tuesday, were relatively quiet yesterday however.

Trader offers tin hedging service

BY STEFAN WAGSTYL

TRANS-WORLD Metals Holdings, a metal trading group which was involved in the tin crisis, has ventured back into the tin futures market.

The company, the parent of London Metal Exchange broker Lazmet, is believed to be the first LME trader to resume offering clients a hedging service in tin since the LME tin market was suspended on October 24 last year.

Mr Alan Bekhor, a director, said yesterday the company was launching the service to see if there were investors who would be attracted to the tin market without wanting to be committed to taking or giving delivery of metal. Speculators or traders might be interested, he said.

The LME authorities have no plans to re-open their tin market. Some traders believe there could be opportunities for profitable trading with large stocks of metal, previously owned by the International Tin Council before its default last October, now in the hands of brokers and banks. However,

US fires warning shot at EEC oilseeds regime

BY QUENTIN PEEL

THE US Government has singled out the EEC's Ecu 1.7bn (£1.02bn) oilseed subsidy regime which provides price support for rapeseed growers as the target of its export assistance programme, aimed at combating "unfair" trade practices.

A token $8.5m export subsidy from the so-called T-programme' is being given to US soya bean oil sales, to the Community—a move intended to underline that the US Administration believes the EEC system is unfair.

At the same time the American Soyabean Association is considering filing a section 301 complaint under US trade legislation, against the rival EEC oilseed programme, Mr Ken Bader, the chief executive of the association, said in London yesterday.

The value of the European oilseed programme, has increased very sharply in recent years from barely Ecu 100m in 1976 to Ecu 1.7bn in the current year. Over the same period EEC oilseed production has increased from 1.2m tonnes to 5.6m tonnes.

Meanwhile the Community has made one conciliatory gesture in the continuing saga of agricultural trade tension with the US.

The European Commission has raised the ceiling on soya bean oil imports allowed into Portugal since that country became a member of the Community, from the current level of 50,000 tonnes a year to 60,000 tonnes a year.

US maize growers to defend trade case

By Nancy Dunne in Washington

THE US National Corn Growers' Association is preparing to defend the American farm programme in a countervailing duty investigation by arguing that the US Government provides no competitive benefit on US farm exports to Canada and instead encourages Canadian exports to the US.

The Canadian Revenue Department is expected to issue a preliminary determination by October 31 on the complaint by Canadian producers that the US farm programme depresses prices while providing substantial subsidies to US growers. According to the US Commerce Department, it is the first countervailing - duty move against US exports by another country.

Countervailing duty laws provide import protection from subsidised products, usually through import levies equal to the amount of the subsidy. Canadian producers are complaining that the production subsidies paid to American farmers will drive Canadian farmers out of business, and they are particularly incensed about US export subsidies under the Export Enhancement Programme, instituted to fight EEC competition.

The case is considered a double blow to American farmers, who are worried about Canadian maize exports in the north-eastern US, at a time when American surpluses are reaching record levels.

In the US, the defence has been taken up by the National Corn Growers. They are arguing a traditional subsidy, like a preferential loan programme, is considered to be a more serious concern.

Although the US farm programme has reduced loan rates, the group argues, prices are still supported at a higher level for both American and Canadian producers than they would be without the scheme.

The group concludes that there is nothing to indicate any material injury from US imports of maize into Canada and asks that the investigation be terminated.

'Deadline' set for rubber accord

FRIDAY HAS been set as the deadline by which the world's top rubber producers and consumers, who are holding final talks here for a new International Natural Rubber Agreement in Geneva, must overcome basic differences and agree in principle to a new pact, delegates said yesterday.

They said Mr Manaspas Xuto, the Conference Chairman, had informed both sides that if they did not reach agreement in principle for a new pact by Friday it would be impractical to continue the two-week talks, which began on Monday.

Agreement on basic issues in a new pact by the end of this week was crucial to allow negotiators enough time to finalise an accord.

Ivory Coast cocoa and coffee growers hit by price freeze

BY PETER BLACKBURN IN ABIDJAN

FOR THE first time in four years the Ivory Coast has not raised cocoa and coffee producer prices for the new season.

A government communique explained that this was due to the difficult international markets for the two commodities.

Cocoa prices remain at CFA Francs 400 (85p) per kg for the 1986-87 season which began on October 1. Coffee remains at CFA Fr 200 per kg of dried cherries. The start of the coffee season has been put back to November 1 because of demands from the country's coffee shelling factories in order to prevent premature and bunched deliveries and to improve the quality of coffee cherries.

A Government communique warned against a "mad rush" by buyers to purchase the new cocoa and coffee crops from farmers before they are ready.

Meanwhile industry operations report that unusually heavy "small" rainy season has caused difficulties in drying and transporting the cocoa crop especially along bush tracks.

The Government has given no official figures for last season's cocoa or coffee crops. Traders estimate that the cocoa crop reached a new record of about 580,000 tonnes, compared with the previous record of about 552,000 tonnes in 1984-85.

Mr Denis Bra Kanon, the agriculture minister, had earlier forecast a fall of some 50,000 tonnes in the 1985-86 crop.

However dry weather in July and August and the cumulative effect of three successive good crops could result in a drop of at least 50,000 tonnes in next season's main crop, according to both government officials and traders. A 10 per cent drop is also forecast in the 1986-87 coffee crop from last season's estimated 280,000 tonnes.

● Representatives of leading cocoa producing countries will meet in Lagos after this month to discuss the world market and the new International Cocoa Agreement, reports Reuter.

The 11-member Cocoa Producers' Alliance, which accounts for about 80 per cent of world output, is scheduled to hold its 47th general assembly in the Nigerian capital between October 27 and 31.

The assembly meeting will be preceded by a week of mainly technical discussions in the same city, an Ivory Coast Agriculture Ministry official said.

The Alliance generally uses its twice-yearly assembly meetings for the exchange of views on market conditions and to co-ordinate sales policies in an effort to support world prices.

The unity displayed by Alliance members during the last assembly, which took place here in May, contributed to a successful outcome of talks with consumers on a new international cocoa pact held two months later in Geneva.

The new pact should have come into force eight days ago but this did not happen because not enough importers had completed the necessary legal procedures.

A four-month transitional period has been agreed to allow countries more time to give the UN at least provisional assurances that they will participate.

The delay is not seen as jeopardising implementation of the new pact, however. The agreement is aimed at stabilising traditionally volatile world cocoa prices through buffer stock sales and purchases and, if necessary, a fall-back system of withholding cocoa from the market.

LONDON MARKETS

A SHARP increase in lead prices to their highest levels for nearly a year was the outstanding feature of an otherwise quiet day on the London Metal Exchange. Lead closed at £297 a tonne for cash metal, up £15.5 on the day, partly as a result of sterling's weakness against the dollar and partly as a result of fears of possibly shortages in supply. Investors are concerned about the risks of renewed industrial action at Australia's Broken Hill where miners are due to accept new working practices by October 22. Stocks are falling because of a seasonal upturn in battery making in the Northern hemisphere. Other metals rose modestly in response to sterling's weakness. On the London Commodity Exchange, coffee prices slipped back in profit-taking after rising steadily earlier this week for largely technical (chart) reasons. Sugar and cocoa were quiet.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	815-6	+12.5	808/808
3 months	824-4.0	+10.75	826/816

Official closing (am): Cash 808-8.5 (802.5-3); three months 818-8.5 (812.5-3); settlement 810.5 (803). Final kerb close: 823-4. Turnover: 12,200 tonnes.

COPPER

LEAD

NICKEL

TIN

ZINC

GOLD

SILVER

POTATOES

REUTERS INDICES

Oct. 8	Oct. 7	M'th ago	Year ago
1565.1	1068.3	1491.4	1701.6

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Oct. 7	Oct 6	M'th ago	Year ago
Spot	126.03	122.41	—	116.62
Fut	124.20	125.01	—	117.26

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 8 1986	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1255/275		$1525/545
Copper			
Cash Grade A	£926.20	+1.75	£911.6
3 mths	£949.25	+2.75	£929.25
Gold Troy oz	$439.375	+1.87	$418.375
Lead Cash	£297.0	+15.5	£277.5
3 mths	£297.6	+13	£280.13
Nickel			
Free Mkt	167/187c		178/180c
Palladium oz	$142.25	+1.25	$141.26
Platinum oz	$598.25	+2.75	$626.25
Quicksilver†	$140/160		$125/135
Silver troy oz	396.50p	+0.15	391.05p
3 mths	409.00p	+0.20	400.65p
Tin			
free mkt	£3850/880	+35	£3720/40
Tungsten	$50.08		$52.73
Wolfram 22.04lb	$34/44		$35/45
Zinc	£627.0	+0.5	£566
3 mths	£690.75	+6.0	£598.25
producers	$920		$840/880
OILS			
Coconut (Phil)	$315w	+25	$235
Palm Malayan	$250v		$200
Copra (Phil)	$190	+5	$155
Soyabean (U.S.)	$150y	+1	$166
GRAINS			
Barley Fut. Jan.	£110.60	+0.25	£107.70
Maize	£146.50	−3	£153.00
Wheat Fut. Jan.	£109.10	+0.15	£108.36
No. 2 Hard Wint.	‡		‡
OTHERS			

COCOA

COFFEE

SOYABEAN MEAL

GRAINS

GAS OIL FUTURES

HEAVY FUEL OIL

SUGAR

LEADED GASOLINE

OIL

FREIGHT FUTURES

	Close	High/Low	Prev.
Tankers			
Oct.	795/820	—	800/850
Nov.	910/930	920	900/940
Dec.	930/950	—	910/950
Mar.	940/955	—	925/955
June	950	—	950
BTI.	789	—	804

Turnover 10 (13).

US MARKETS

GOLD AND PLATINUM futures closed lower while silver turned marginally higher towards the close, reports Heinold. Price moves were narrow and trading was moderate. The key factors were the Opec ministers meeting in Geneva and speculation about possible interest rates cuts overseas. There was also concern about the implications of this week's tactic of European central banks supporting the dollar. Silver rose on local short-covering after a lack of followthrough by computer funds. Platinum has still not regained its composure after the violent moves which were seen a few weeks ago. Coffee futures eased, reversing an early uptrend, with the market pausing to consolidate following its rapid recovery from lows seen last week.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
Oct	51.80	—	—	51.80
Nov	52.00	—	—	51.90
Dec	52.25	52.20	52.20	52.15
Jan	52.30	—	—	52.20
March	52.60	—	—	52.50
May	52.85	—	—	52.75
July	53.10	—	—	53.00
Sept	53.30	—	—	53.20

CHICAGO

Country jobs scheme hailed

A GOVERNMENT - BACKED scheme to provide work in the countryside for the long-term unemployed has created more than 1,000 jobs, with hundreds more to come.

Lord Belstead, Junior Agriculture Minister said that although the scheme was launched only in February the farm and countryside initiative had beaten its first-year target.

So far, 57 projects have been started providing 1,136 jobs. There are 130 further schemes planned, involving more than 700 jobs.

Schemes include reinforcing sea defences on the Essex coast, creating wildlife reserves and developing gardens and workshops at a care centre for cancer patients near Aylesbury, Bucks.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling continues to fall

STERLING FELL to a record low yesterday amid a growing loss of confidence in tha market. There was no evidence of substantial central bank intervention and UK authorities continued to resist a rise in UK clearing bank base rates. These were seen by dealers as the two most obvious ways of halting the speculative slide. Sterling's exchange rate index fell to a record low of 67.1 at the close after opening at 67.6 and compared with 68.1 oo Tuesday.

As sterling fell to a record low against the D-Mark, there was speculation that o meeting between Mrs Margaret Thatcher and Bundesbank president Mr Karl Otto Poehl signalled an early entry by sterling into the exchange rate mechanism of the EMS. However, Mr Nigel Lawson, UK Chancellor of the Exchequer, cootinued to stress that sterling would join the ERM only at the right time which was not now.

The pound fell to DM 2.8350, its lowest closing level ever and down from DM 2.8650 on Tuesday. It was also lower aganst the dollar at $1.4200 compared with $1.4325 and Y219.0 from Y220.75. Elsewhere it fell to SFr 2.31 from SFr 2.3325 and FFr 9.28 from FFr 9.3825.

The dollar drifted below DM 2.00 in rather quiet trading. There was no repeat of Tuesday's concerted central bank intervention but speculators were sufficiaotly wary not to push tha dollar too far down. However the dollar'a overall sentiment remained bearish in the absence of any fresh ecooomic data to suggest otherwise. Conseqaently the dollar was cenfioed to a narrow range for much of the day, closing at DM 1.9970 from DM 2.0005 and Y154.25 compared with Y154.10. Against the Swiss franc it eased slightly to SFr 1.6270 from SFr 1.6290 and FFr 6.5350 from FFr 6.55. On Bank of England figures, tha dollar's exchange rate index closed at 109.5 unchanged from Tuesday.

There seemed to be a general reluctance to try to establish a trend, for while it was generally accepted that interventon by European central banks could only slow the dollar's decline rather than reverse it, there was obviously a desire not to be the one caught short of dollars when central banks acted. This effectively slowed tha dollar's decline for the time being.

D-MARK—Trading range against the dollar in 1986 is 2.4710 to 1.9908. September average 2.0486. Exchange rate index 142.0 against 133.2 six months ago.

The D-Mark was little changed in Frankfurt yesterday with currency markets still wary of central bank interventon after Tuesday's concerted support for the dollar. At the sama time there was little incentive to buy tha dollar and io the absence of any fresh economic data, dollar sentiment remained bearish. The US unit was fixed at DM 2.0024 from DM 2.0106. There was oo intervention by the Bundesbank at tha fixing aod no obvious signs of any dollar support in open trading. The dollar closed at DM 1.9985 from DM 2.0010.

JAPANESE YEN—Trading range against the dollar in 1986 is 202.70 to 152.35. September average 154.67. Exchange rate index 215.0 against 194.2 six months ago.

Trading was confined to a narrow range in Tokyo ahead of tomorrow's closure for a natiooal holiday. Traders were uowilling to carry long dollar positions because there still seems a good chance of the dollar moving lower whila short positons were vulnerable to central bank intervention. Against this background the dollar closed at Y154.25 aochanged from its New York close and compared with Y153.75 in Tokyo on Tuesday. Aoother statement by the Governor of tha Bank of Japan stressing that be was not considaring easing credit policies failed to dispel all speculation about an early cut in the Japanese discount rate. Elsewhere the D-Mark fell to Y77.01 from Y77.36.

£ IN NEW YORK

Oct 8	Latest	Previous Close
£ Spot	1.4195-1.4205	1.4330-1.4340
1 month	0.48-0.46 pm	0.56-0.55 pm
3 months	1.52-1.48 pm	1.73-1.70 pm
12 months	5.85-5.75 pm	6.35-6.20 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

Oct 8	Latest	Previous
8.30 am	67.6	67.8
9.00 am	67.6	67.8
10.00 am	67.6	68.0
11.00 am	67.6	68.1
Noon	67.5	68.3
1.00 pm	67.4	68.3
2.00 pm	67.4	68.1
3.00 pm	67.3	68.1
4.00 pm	67.1	68.1

CURRENCY RATES

Oct. 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.85213	0.732296
U.S. Dollar	6	1.2145	1.04206
Canadian $	8.60	*	1.44502
Austrian Sch.	4	17.10443	14.6505
Belgian Franc	8	50.3877	43.1907
Danish Kroner	7	9.17221	7.85086
Deutsche Mark	3½	2.4518	2.08203
Neth. Guilder	4½	N/A	2.35317
[illegible]	[illegible]	[illegible]	[illegible]

* CS/SDR rate for Oct. 7: 1.68200

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

Oct. 7	Ecu central rates	Currency amounts against Ecu October 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgium Franc	43.1139	43.1907	+0.18	+0.93	± 1.5368
Danish Krone	7.81701	7.85086	+0.43	+1.18	± 1.6405
German D-Mark	2.11083	2.08203	−1.36	−0.61	± 1.1127
French Franc	6.87316	6.81662	−0.82	−0.07	± 1.3659
Dutch Guilder	2.37833	2.35317	−1.06	−0.31	± 1.5059
Irish Punt	0.764976	0.765094	+0.02	+0.77	± 1.6683
Italian Lira	1476.95	1440.64	−2.46	−2.00	± 4.0734

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Oct. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4160-1.4305	1.4195-1.4205	0.55-0.52c pm	4.52	1.80-1.75c pm	5.00
Canada	1.9680-1.9800	1.9680-1.9690	0.36-0.26c pm	1.89	1.29-1.14 pm	2.47
Netherlands	3.19¼-3.23¾	3.19¼-3.20¼	1½-1¼c pm	5.15	4⅝-4¼ pm	5.46
Belgium	58.72-59.34	58.80-58.90	17-12c pm	2.96	55-46 pm	3.43
Denmark	10.67¼-10.77½	10.67¼-10.68¼	⅛ pm-½ ore dis	−0.14	1¾-1¼ pm	0.56
Ireland	1.0400-1.0590	1.0425-1.0435	0.25-0.50p dis	−4.31	0.70-1.00 dis	−3.26
W. Germany	2.82¾-2.86½	2.83-2.84	1½-1¼pf pm	6.35	4⅝-4¼ pm	6.35
Portugal	206.61-209.10	206.61-208.81	60-125c dis	−5.36	200-610 dis	−7.83
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

FINANCIAL FUTURES

Gilts and pound prices fall

GILT PRICES and three-month sterling deposits were weaker in tha London International Financial Futures Exchange yesterday. Sterling's fall to a record low and a rise in cash prices were sofficient to push values lower as dealers viewed with growiog suspicion tha authorities' ability to maintain clearing bank base rates at 10 per cent. There was a growing feeling that after the Conservative Party conference fioished there would be even greater pressure to push rates firmer.

Three-mooth sterling deposits for December delivery opened at 89.12 down from 89.28 as sterling's exchange rate index started at a new low. A high of 89.15 was touched briefly as the pouod steadied during the morning but a renewed fall during the afternooo to an all-time low encouraged further selling down to a low of 88.82. The contract fioished slightly off the bottom at 88.88.

Gilt prices acted in much the same way with the long gilt opening at 109-27 for December delivery down from 110-25 oo Tuesday. It fell away to 109-16 before closing at 110-01.

US Treasury bond futures finished weaker after a firmer start. Early sentiment was influenced by speculation that the Bank of Japan was considering a cut in the Japanese discount rate. However, a statement by Mr Sumita, governor of the Bank of Japan, stressing that he had no immediate plans for a relaxation of interest rates effectively reversed the firmer start. Consequently after an opening of 96-24, up from 96-15 previously, the December contracted slipped away to a low of 95-30 before finishing at 96-11.

Three-month Euro-dollar deposits for December opened at 94.23 and traded io a oarrow five tick range before closing at 94.24 compared with Tuesday'a finish of 94.22.

There were several other factors which dealers had to take into account, notably the current meeting of Opec ministers where there were fears that an agreemeot might lead to higher oil prices. However, for the time being attentioo stayed on the dollar with dealers awaiting some fresh economic data oo the US economy to reinforce tha markets generally bearish trend.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Dec.	Mar.	June	Sept.	Puts—Last Dec.	Mar.	June	Sept.
106	4.45	5.60	—	—	0.43	1.42	—	—
108	3.19	4.46	—	—	1.17	2.48	—	—
110	2.10	3.43	—	—	2.08	3.45	—	—
112	1.21	2.51	—	—	3.19	4.53	—	—
114	0.48	2.05	—	—	4.46	6.07	—	—
116	0.25	1.31	—	—	6.23	7.35	—	—
118	0.12	1.05	—	—	8.10	9.07	—	—
120	0.06	0.48	—	—	10.04	10.50	—	—

Estimated volume total, Calls 674 Puts 561
Previous day's open int. Calls 20,222 Puts 5,673

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Dec.	Mar.	June	Sept	Puts—Last Dec.	Mar	June	Sept
88	8.27	8.54	—	—	0.05	1.06	—	—
90	6.35	7.04	—	—	0.13	1.40	—	—
92	4.53	5.47	—	—	0.31	2.19	—	—
94	3.21	4.36	—	—	0.63	3.08	—	—
96	2.09	3.37	—	—	1.51	4.09	—	—
98	1.17	2.47	—	—	2.59	5.19	—	—
100	0.44	2.04	—	—	4.22	6.40	—	—
102	0.22	2.53	—	—	6.00	8.05	—	—

Estimated volume total, Calls 0, Puts 125
Previous day's open int. Calls 627 Puts 842

LIFFE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LIFFE—EURODOLLAR OPTIONS

[illegible]

LONDON

[illegible]

CHICAGO

[illegible]

MONEY MARKETS

UK rates firmer as pound slips

INTEREST RATES rose in Londoo yesterday lo reaction to sterling's fall to a record low. Three-month interbank money was quoted at 10⅞-10¾ per cent up from 10⅝-10½ per ceot whila the six month rate rose to 10⅞-11⅛ per cent from 10¾-11 per cent. Once again there was no move by the authorities to use interest rates to underpin sterling aod this left the market in something of a quandry since the ability to realise a profit on the gap between official dealing rates and market rates depended eotirely oo the authorities ability or desire to keep base rates at thair current level. Dealers were sure that pressure would iotensify for higher rates after the end of the Conservative Party conference.

UK clearing bank base lending rate 10 per cent since May 22

The Baok of Engleod forecast a shortage of around £350m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £388m. There was also a rise in the note circulatioo of £95m. These were partly offset by Exchequer transactions adding £120m and banks' balances brought forward £15m above target. The Bank gave assistance in the morning of £350m through outright purchases of £69m of eligible bank billa in band 2 at 9⅞ per cent and £59m in band 3 at 9¾ per cent. In band 4 it bought £30m of local authority bills and £201m of eligible bank bills all at 9⅞ per ceot. There was no further help in the afternoon.

In Frankfurt call money was quoted at 4.35-4.45 per cent up from 4.10-4.20 per cent on Tuesday as DM 6.8bn of liquidity laft the market. This followed tha maturity of two Bundesbank sala and repurchase agreements worth DM 14.8bn and the crediting to successful applicants of DM 8bn through two new facilities. Bank appeared to be well placed to meet their eod of month mioimum requirements however and there was likely to be some liquidity finding its way into the system as a result of the Baodesbaok's activity in the foreign exchaoge market to support the dollar. Tha Baodesbank also announced its intentioo not to hold a Press cooference after today's meeting of the central council and there was littla hope of an early cut in West German interest rates.

MONEY RATES

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

LONDON MONEY RATES

[illegible]

FINANCIAL TIMES
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INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	[illegible]	[illegible] 2½pc 1986	99[illegible]	—	[illegible]	8.72
[illegible]	100[illegible]	[illegible] 13½pc 1987	100[illegible]	−[illegible]	13.17	10.73
[illegible]	97[illegible]	Treas 10½pcCv '87	99[illegible]	−[illegible]	[illegible]	11.08
[illegible]	[illegible]	[illegible] 2½pc 1987	97[illegible]	−[illegible]	[illegible]	8.24
[illegible]	[illegible]	[illegible] 10½pc 1987	99[illegible]	−[illegible]	[illegible]	10.79
[illegible]	[illegible]	[illegible] 6½pc 85-87	[illegible]	−[illegible]	[illegible]	10.08
[illegible]	[illegible]	[illegible] 10pc 1987	99[illegible]	−[illegible]	[illegible]	11.05
[illegible]	[illegible]	[illegible] 3pc 1987	96[illegible]	—	[illegible]	8.32
[illegible]	[illegible]	[illegible] 12pc 1987	101[illegible]	−[illegible]	[illegible]	11.03
[illegible]	[illegible]	Treas 7¾pc 1985-88‡‡	96[illegible]	—	[illegible]	10.52
[illegible]	[illegible]	[illegible] 10½pc '88	99[illegible]	−[illegible]	[illegible]	12.19
[illegible]	[illegible]	Treas 9½pc Cv '88	97[illegible]	−[illegible]	[illegible]	11.08
[illegible]	[illegible]	[illegible] 3pc '78-88	91½	+[illegible]	3.[illegible]	8.37
[illegible]	[illegible]	Treas. 9½pc '88	97[illegible]	—	9.79	11.16
107[illegible]	[illegible]	Treas 11½pc 1989	100[illegible]	−[illegible]	11.47	11.29
[illegible]	[illegible]	Treas 9½pc Cnv 1989	96[illegible]	−[illegible]	9.88	11.29
[illegible]	82[illegible]	Treas 3pc 1989	87[illegible]	—	3.45	8.51
[illegible]	[illegible]	Treas 10½pc 1989	98[illegible]	−[illegible]	10.70	11.30
[illegible]	[illegible]	[illegible] 1989	96[illegible]	−[illegible]	10.34	11.29
[illegible]	97	Exch. 11pc 1989	99[illegible]	−[illegible]	11.06	11.25
[illegible]	[illegible]	[illegible] 5pc 1986-89	88[illegible]	−[illegible]	5.65	9.41
[illegible]	[illegible]	[illegible] 10¼pcCv '89	100	−[illegible]	10.25	10.22
[illegible]	103[illegible]	Treas 13pc 1990‡‡	104[illegible]	−[illegible]	12.44	11.26
[illegible]	[illegible]	[illegible] 11pc 1990‡‡	99[illegible]	−[illegible]	11.07	11.18
[illegible]	100[illegible]	Exch. 12½pc 1990	103[illegible]	−[illegible]	[illegible]	11.30
[illegible]	[illegible]	Treas. 3pc 1990	83[illegible]	—	[illegible]	8.54
[illegible]	[illegible]	Treas 8¼pc 1987-90‡‡	95[illegible]	−[illegible]	[illegible]	10.40
[illegible]	93	Treas. 10pcCv 1990	95[illegible]	−[illegible]	[illegible]	11.32
[illegible]	[illegible]	[illegible] 2½pc 1990	80	−[illegible]	[illegible]	8.32
[illegible]	[illegible]	Treas 11¾pc 1991	101[illegible]	−[illegible]	11.[illegible]	11.30
[illegible]	[illegible]	[illegible] 5¾pc '87-91‡‡	87[illegible]	—	[illegible]	9.25
[illegible]	[illegible]	Treas. 3pc 1991●	80[illegible]	+[illegible]	[illegible]	8.34
		Five to Fifteen Years				
[illegible]	96[illegible]	Exch. 11pc 1991	[illegible]	−[illegible]	11.[illegible]	11.21
[illegible]	103¾	Treas 12¾pc 1992‡‡	106	−[illegible]	[illegible]	11.18
[illegible]	92[illegible]	Treas 10pc 1992	[illegible]	−[illegible]	[illegible]	11.11
[illegible]	94[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	−[illegible]	10.[illegible]	11.14
[illegible]	101[illegible]	Exch. 12¼pc '92	10[illegible]	−[illegible]	11.[illegible]	11.23
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

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[illegible]

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[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or —	Div Net	C'vr	Y'ld Gr's	P/E
195	129	Metal Closures	145	+7	6.7	1.0	6.6	(21.3)
182	70	Millbrook 10p	62	.....	L2.46	2.6	4.3	12.5
78½	45	Mitchell Cotts	48½	.....	1.5	♦	4.4	♦
124	81	‡Monks & Crane 10p	114	.....	L2.7	2.9	3.3	13.9
337	220	Morgan Crucible	318	+47	†8.5	1.5	3.9	20.3
23½	15½	‡Morris (W) F.A. 20p	18½	−½	—	—	—	—
152	63	Mysom Grp 10p	136xd	−1	†2.63	2.6	2.7	17.6
365	230	‡NMW Computers	263	.....	†6.0	3.0	3.2	15.0
66	27	Nash Inds	65	+2	†0.5	—	1.1	—
*27½	15½	Neil & Spencer 10p	17½	.....	—	—	—	—
39	28	Newman-Tonks 10p	32	.....	†0.8	1.5	3.3	(20.0)
134	65	Noble & Lund 10p	116xd	.....	0.7	4.5	0.8	38.2
65	39	Nolton	50	.....	†0.95	7.0	2.7	7.1
138	96	‡Norank Systems 5p	146	−2	...	—	1.4	(30.7)
206	187	Norcros	228	−3	9.3	2.2	5.9	(10.7)
188	49	Nu-Swift 5p	151	.....	3.5	2.1	3.3	20.3
£336½	£228	OCE 9pc Cnv 1987-92	£306½	+5	Q9%	—	12.5	—
118	80	Oakwood Grp	90	.....	†5.0	1.3	‡	12.5
250	185	Office & Elect	188	.....	8.5	2.9	6.5	7.3
183	70	Ofrex 20p	176	.....	†5.0	♦	4.3	♦
34	26	‡OmniTech 1p	27	.....	—	—	—	—
36	22	‡Optometrics $0.01	24	−1	—	—	—	—
890	500	Oriflame £1	670xd	.....	[illegible]	2.1	4.0	16.9
10	3	Ossestone 12½c	9	.....	[illegible]	1.9	11.1	4.7
142	85	‡PCT Grp 10p	118	.....	[illegible]	—	5.6	—
£20½	£17¾	PLM 'B' Sk 25	£18	.....	[illegible]	0.3	3.4	—
195	114	PSM Intl	180xd	.....	[illegible]	2.1	4.2	14.0
255	167	‡Pacer Systems $0.01	178	.....	[illegible]	3.4	1.6	18.9
76	58	‡Pacific Sales 10p	58	.....	[illegible]	♦	8.8	♦
445	246	Parker Knoll 'A'	399xd	.....	[illegible]	[illegible]	4.2	10.5
222	83	‡Parkfield Group 2p	165	−3	[illegible]	4.2	3.1	10.5
53	17	‡Panion Intl	38	.....	—	—	—	4.8
£138	£69½	Do 11pc Cnv Ln '94-02	[illegible]	.....	Q11%	—	0.2	—
609	393	Pearson	533	−2	[illegible]	2.8	2.6	17.3
36	12	Peek Holdings 5p	36	+1	—	—	—	—
145	88	Peerless	136	.....	6.3	1.5	6.5	(12.2)
519	140½	Pentland 10p	470	+10	†0.75	22.4	0.2	26.6
£14	775	Photo-Me	£12¼	+¼	15.00	8.3	0.6	25.0

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1986 High	Low	Stock	Price	+ or —	Div Net	C'vr	Y'ld Gr's
300	115	Cons. Murch. 10c	£2¾	.....	Q100c	♦	26.6
34	24	‡Emess Int. Ir10p	34	.....	—	—	—
149	70	Galenwich Res.	138	−4	—	—	—
257	93	Hampton Areas 10p	146	.....	†1.0	—	1.0
327	165	‡Highwood Res.	238	+2	—	—	—
£20¾	£13⅝	Homestake Mining $1	£20¾	+⅛	Q20c	—	0.7
310	156	‡‡McFinley Red Lake	238	+14	—	—	—
285	144	‡Minerals Exploration	228	+2	—	—	—
51	20	‡New Sabina Res C$1	35	.....	—	—	—
335	200	Northgate C$1	335	+2	—	—	—
790	503	RTZ	692	+3	22.0	2.4	4.3
£164	£115	Do. 9¼pcLn '95-2000	£145½	.....	Q9¼%	15.5	(7.1)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ▼ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ● Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or —
Albany Inv 20p	60xd	.....
Craig & Rose £1	£13½	.....
Finlay Pkg. 5p	47xd	.....
Holt (Jos) 25p	820xd	.....
IoM Stm. £1	75	.....
IRISH		
Fund 13¼% 1988	£98¾xd	−⅛
Nat. 9¾% 84/89	£92¾	−⅛
Fin. 13% 97/02	£96¾	−⅛
Arnotts	265	.....
CPI Hldgs	68	.....
Carroll Inds.	112	+1
Dublin Gas	30	.....
Hall (R. & R.)	80	.....
Heiton Hldgs.	30	.....
Irish Ropes	92xd	.....
Unidare	235	.....

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Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sept 29	Oct 9	Oct 10	Oct 20
Oct 11	Oct 23	Oct 24	Nov 3
Oct 27	Nov 6	Nov 7	Nov 17

*"New time" dealings may take place from 9.30 am two business days earlier.

Sliding pound revives fears of higher base rates and gilts lead general downturn

A closer examination of the UK money supply statistics announced on Tuesday, together with a sharply sliding pound, unsettled London's financial markets yesterday. Worries over interest rates returned, depressing the gilt-edged market and checking an attempt by equities to rally from early weakness.

The economic analysts were more critical than the stock market of the latest money supply data, and fears revived that bank base rates might be forced higher, if not this week, then in the near future. Government bonds opened a full point off on overnight selling from abroad.

Gilts recovered about half of their initial loss in thin trading during the first half of the session. But prices turned down again, as the exchange rate index dipped to a new low, and the end of the day saw losses of ¾ to ⅝ at the longer end of the market. Near dates were also lower, as three month interbank rate edged up to 10⅞ per cent.

Equities had a "very frustrating day," in the words of a leading dealer in international stocks. Oil shares remained firm as news was awaited from Geneva, where the Opec ministers are in session. But the industrial market opened lower on interest rate fears which overshadowed any beneficial implications for exporters of a lower pound.

But losses were sharply reduced later, and the institutions were said to be "showing interest" if not actually buying stock. Some of the funds may be holding back with the intention of buying stock in Trustee Savings Bank, which enters the market tomorrow (Friday). The institutions, consigned to a minor role in the TSB issue, are expected to seek stock in the open market.

A late feature was a surge in Standard Chartered, strong throughout the session on speculative buying. Jaguar, with its new model now out in the marketplace, saw some profit-taking after its recent rise.

Renewed hints of impending bids from Japan for UK property groups helped send the sector sharply ahead.

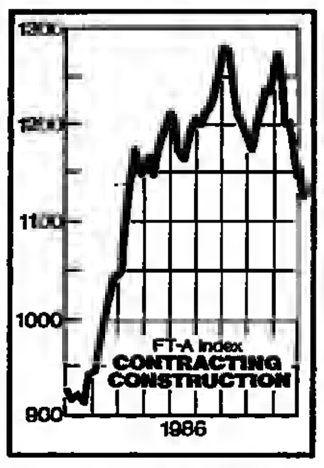
The FT-SE 100 Index, down 10.7 at mid-session, ended a net 4.5 off at 1587.8, while the FT Ordinary share index lost 9.2 to 1248.1.

Standard Chartered up

Standard Chartered advanced strongly from a firm "house" close level of 720p to finish 41 higher on balance at 740p. Brokers Rowe and Pitman, working on a stake-building exercise for Mr Robert Holmes à Court, acquired a further lump of the group's shares to add to his current shareholding of nearly 8 per cent. Morgan Grenfell remained in the doldrums, falling to a new low of 365p before closing 7 easier at 373p, unsettled still by the poor Press reception of Monday's interim results.

Lloyd's broker C. E. Heath highlighted Insurances with a gain of 22 to 471p, after 475p, the move being in belated response to the merger discussions currently taking place between Heath and Fielding Insurance, a subsidiary of Hambros. The deal, if eventually implemented would give Hambros more than a 20 per cent stake in the new company. Elsewhere, currency considerations prompted gains of 10 in Stewart Wrightson, at 474p, and Willis Faber, at 472p.

The recent recovery among leading Building issues faltered as interest rate worries resurfaced. Losses were generally modest however, with business remaining at a low ebb. Falls of 4 were marked against Tarmac, 414p, and Costain 514p, while Blue Circle slipped 3 to 553p and BPB Industries softened a couple of pence to 451p. Redland were a couple of pence off at 378p ahead of the US presentation and Taylor Woodrow 5 easier at 273p. Alfred McAlpine encountered occasional offerings at 378p, down 7, while Countryside shed 15 to 405p on lack of support. Higgs and Hill lost 10 to 590p despite reporting good interim results, while John Maunders were unchanged at 182p following reasonable annual figures. Attwoods hardened a penny in reply to the preliminary trading statement. Elsewhere, A. Monk were marked up 25 to 154p on news of the agreed 153p per share offer worth some £16.6m from long standing major shareholder Davy Corporation, a couple of pence cheaper at 121p.



Dealings in British Benzol were suspended at 90p, up 2 on the day, at the company's request; the company has entered a conditional agreement for the acquisition of Powerscreen Group, a manufacturer of mobile screening equipment used in the quarrying and mining industry for £25m. The deal is being financed by a rights issue. Holt Lloyd International hardened 4 to 94p following the good interim figures.

Stores dull

Concern over the current trend of interest rates made for another drab showing by major high street retailers. Although dealers reported little business of consequence, losses still ranged to double-figures. Gussies A fell 10 to 975p, while Burton dipped 6 to 270p. Further consideration of the interim statement left Sears 2½ off at 112p, while Marks and Spencer, scheduled to announce interim figures later in the month, eased 3 to 191p. Noteworthy movements among second-line counters were few. Tibbett and Britten hardened a few pence to 140p following the interim figures and acquisition news, while confirmation of the cash injection lifted Blacks Leisure 1½ to 5½p.

STC reflected revived takeover hopes with a fresh improvement of 8 to 152p, while Ferranti moved up a similar amount to 102p. BICC added 5 at 245p. Elsewhere in Electricals, Menvier Swain rose 12 to 165p in response to an investment recommendation and Checkpoint Europe firmed 10 to 158p. Apricot Computers put on 5 at 56p and Rockwood 6 at 76p, but Real Time Control came on offer and fell 15 to 63p.

Leading Engineers were featured by a fall of 10 to 433p to Hawker; the interim results are scheduled for October 22. GKN gave up 4 at 250p and Vickers 2 at 377p. Babcock International, however, firmed 7 to 172p following the efforts of a large buyer and Porter Chadburn reflected G. M. Firth bid hopes with a rise of 6 to 328p. Brasway put on 5 at 92p as did Cronite, at 60p. Carclo gained 10 to 460p, but Spirax Sarco cheapened 4 to 154p following static interim profits.

Activity in the Food sector contracted and leading issues drifted lower. Recently-firm ASDA-MFI came back 4 to 154p, while J. Sainsbury slipped 6 to 404p. Dee Corporation lost 5 at 230p and Tesco softened a couple of pence to 391p.

Grand Metropolitan, a firm market recently on takeover speculation, eased to 435p before picking up to close unchanged on balance at 443p.

Wedgwood up on bid

A couple of outstanding features emerged among miscellaneous industrials. Wedgwood took pride of place with a leap of 145p to 568p following news of the agreed share exchange offer from Waterford Glass worth 560p per share; the shares moved above the bid terms in the later trade amid vague rumours of a possible counter-bid. Morgan Crucible, already a strong market prior to the announcement, advanced after-hours to end a sparkling session 47 up at 310p following the revelation that Bell Resources will today attempt to increase its stake in the company to 29.9 per cent by instructing brokers Rowe and Pitman to tender for shares up to a maximum of 320p per share. Elsewhere, Johnston Group reflected the better-than-expected figures with a rise of 18 at 303p, while revived takeover hopes helped Metal Closures move up 7 to 143p. Excellent third-quarter figures from its US subsidiary Reebok helped Pentland rise 10 to 470p while Elders IXL added 8 at 211p following an institutional meeting called to discuss the company's funding arrangements for last month's £1.4bn acquisition of the Courage brewery chain from Hanson Trust. Among the irregular leaders, Rank Organisation gained 8 more at 507p and Pilkington appreciated 8 at 446p, but BTR cheapened 4 at 296p and Beecham softened a couple of pence at 413p.

Revived demand was forthcoming for TV-am which settled 8 higher at 170p. Among Leisure issues, Pineapple Dance Studios gained 10 to 78p, but Really Useful Group, a firm market recently on "Phantom of the Opera" prospects, came back 10 to 393p.

Jaguar, which yesterday unveiled its new XJ series, moved with other international issues and fell to 531p before settling 5 down on balance at 536p. The Austin Rover threat to find an alternative supplier undermined Lucas Industries, prompting further nervous selling and a close of 10 down at 483p, only 10 above the low point for the year. AE remained at 217p awaiting a statement from the Takeover Panel, now expected early next week. Frank G. Gates eased to 94p after the interim profits announcement but later reverted to the overnight level of 96p.

Awaiting today's interim statement, USM-listed Musterlin encountered sporadic offerings and reacted 8 to 159p. Elsewhere, buyers appeared again for LCA, arousing bid speculation and bringing a close of 7 up at 115p; at the end of last month, the price dropped to 58p when the company revealed poor interim results. Soon afterwards MAI, down 6 at 357p, announced an increased share stake of 14.9 per cent. Among other Advertising Agencies, Charles Barker slipped 4 more to a 1986 low of 106p, but Saatchi and Saatchi showed resilience after retreating to 605p and later moved back to the overnight level of 620p.

A recently subdued Property sector sprang to life following a favourable press article and the appearance of buyers on takeover speculation. Although closing several pence below the best, the leaders still posted useful gains with Land Securities finally 5 higher at 312p and MEPC a similar amount up at 323p. British Land gained 5 to 160p and Great Portland Estates firmed 4 to 170p. Hammerson A advanced to 410p prior to closing a net 15 up at 405p. Bid speculation centred on Brixton Estate which jumped 9 to 169p on rumours of an imminent offer from Arlington Securities, finally 13 higher at 188p. Parkdale Holdings were another take-over favourite to attract strong support amid rumours of a bid for the company worth some 125p per share and the close was 16 higher at 92p.

Milford Docks attracted fresh support and rose 8 to 52p in a generally lack-lustre Shipping sector.

Textiles trended lower with Courtaulds losing 5 to 277p. Talk of another top executive dismissal unsettled John Crowther, 2 easier at 163p, but firm spots emerged in Leeds, 193p, and Robert H. Lowe, 153p, both of which gained 5.

Light profit-taking brought Bats down 5 to 448p after Tuesday's strength on the Japanese removal of the tariff on cigarette imports.

Oils quiet

The oil majors moved forward initially reflecting higher spot prices overnight, but subsequently eased back on reports that Kuwait will only adhere to its agreed OPEC quota until the end of the month, the upshot being the prices finished virtually unchanged on the day. Shell, however, were 10 dearer at 923p reflecting current influences. Elsewhere, Berkeley Exploration shed 2 to 30p following dismal interim figures, while recently firm Conroy Petroleum encountered profit-taking and shed 15 to 190p. Silkolene Lubricants fell 11 to 123p after revealing poor half-year results.

South African mining markets took the recent recovery a stage further, although business was considerably reduced from Tuesday's levels.

Quotations were marked firmer from the outset, largely reflecting revived support for bullion which settled $1.875 higher at $439.375. However, enthusiasm in both London and the Continent was tempered as dealers reported merely minimal activity in Johannesburg as investors there wound down positions ahead of tomorrow's Kruger Day holiday.

Heavyweight Golds still settled firmer on balance with marginal rises recorded by Winkelhaak, £13¼ and Western Deep, £28¾, both a half-point to the good. Smaller-priced issues also made modest progress, especially the Consgold group which revealed satisfactory quarterly figures on Tuesday; Venterspost improved 24 to 632p, while Doornfontein put on 22 to 839p and Kloof added 13 to 585p. The FT Gold Mines index improved 4.1 to 338.5.

Activity in London-registered Financials was also sharply reduced although persistent traded option interest prompted another firm showing by current takeover favourite Consolidated Gold Fields, another 15 to the good at 637p. RTZ closed a few pence up at 692p. South African Financials mirrored Golds with "Amgold" ¾ up at £55 and Gold Fields of South Africa 44 dearer at 944p.

Australian mines were irregular. Initial profit-taking in overnight Sydney and Melbourne was quickly absorbed and overseas investors, encouraged by the relatively steady showing of the Australian dollar against major currencies, displayed revived if selective enthusiasm. Prices in London, however, closed below best levels, a trend best illustrated by Central Norseman which touched 758p before closing only 3 up on balance at 743p. GMK put on a similar amount to 708p, but Poseidon eased 5 to 206p. Smaller explorers displayed further strength, however, with ACM, 201p, Great Victoria, 59p, and Ivanhoe, 55p, all up around 5. Leading resource stocks, on the other hand, gave modest ground. North Broken Hill fell 6 to 121p, while Peko-Wallsend closed 5 cheaper at 290p.

Traded Options

Quieter conditions in many of the recently active underlying securities made for reduced activity in Traded Options. Total contracts struck amounted to 18,504. Nevertheless, operators returned for Grand Metropolitan, which attracted 1,793 calls and 370 puts, and Consolidated Gold Fields, which recorded 1,460 calls, the October and December 850s contributing 282 and 571 trades respectively. Dealers also reported a lively and evenly-balanced business in both Hanson Trust and Lonrho, while the FT-SE 100 attracted 1,392 calls and 818 puts.

Traditional Options

- First dealings Oct 6 Oct 20 Nov 3
- Last dealings Oct 17 Oct 31 Nov 14
- Last declaration Jan 8 Jan 22 Feb 5
- For Settlement Jan 19 Feb 2 Feb 16

For rate indications see end of Unit Trust Service

Call options were taken out in North Kalgurli, Kia Ora, Appledore, Readicut International, Foseco, Sears, Johnson and Firth Brown, Amalgamated Financial Investments, TV-am, Morgan Grenfell, Atlantic Computers, Jonas Woodhead, CASE, Premier Oil, Cronite, Wace, Milford Docks, Celtic Haven, Tranwood, Stormgard, Gestetner and Ashley Industrial. No puts were reported, but doubles were transacted in Buckleys. Barrie Investment and Finance, Premier Oil and Polly Peck.

FINANCIAL TIMES STOCK INDICES

	Oct. 8	Oct. 7	Oct. 6	Oct. 3	Sept. 2	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	82.49	82.98	82.74	82.75	82.30	84.08	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	89.56	89.69	90.00	†89.98	†90.25	89.96	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,248.1	1,257.3	1,251.2	1,234.0	1,246.0	1,007.0	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	333.5	329.4	316.2	328.6	317.2	290.2	357.8 (22/9)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.45	4.42	4.44	4.49	4.45	4.71				
Earnings Yld. % (full)	10.23	10.14	10.18	10.30	10.20	11.54				
P/E Ratio (net) (*)	11.99	12.09	12.04	11.91	12.02	10.73				
Total Bargains (Est)	22,648	21,982	20,940	22,126	21,426	20,548				
Equity Turnover £m.	—	469.39	487.86	445.02	531.22	399.01				
Equity Bargains	—	17,218	18,004	17,308	18,749	18,890				
Shares Traded (ml).	—	214.2	242.4	212.7	248.2	203.4				

S.E. ACTIVITY

Indices	Oct. 7	Oct. 6
Gilt Edged Bargains	113.1	121.6
Equity Bargains	111.6	116.6
Equity Value	948.8	986.1
5-Day Average		
Gilt Edged Bargains	125.2	135.1
Equity Bargains	115.3	116.7
Equity Value	1007.7	1045.8

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
—	1245.6	1247.2	1248.8	1249.2	1250.0	1250.5	1249.4

Day's High 1256.2. Day's Low 1245.3.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.51. †Correction.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Amstrad	126	−4	Jaguar	536	−5
BP	691	—	Morgan Crucible	310	+47
Commercial Union	277	—	Parkdale	92	+16
Grampian Hldgs	156	−5	Shell Trans	923	+10
GRE	789	—	Waterford Glass	121	+3
Heath (C. E.)	471	+22	Wedgwood	568	+145

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change	Stock	No. of changes	Tues. close	Day's change
Cons Gold Flds	20	622	+18	ICI	15	£11⅛	+⅛
RTZ	17	689	+22	Shell Trans	15	913	+5
Wedgwood	17	423	+27	BAT Inds	14	453	+10
BP	16	691	+8	Glaxo	13	947	−3
Britoil	15	193	+8	Unilever	15	£18¾	+½
Grand Met	15	443	+10	Boots	12	234	+2

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	101	8
Corporations, Dom., and Foreign Bonds	0	19	30
Industrials	250	363	915
Financial & Properties	130	72	377
Oils	22	19	71
Plantations	2	1	11
Mines	70	32	82
Others	98	47	49
Totals	575	654	1,563

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (91)

AMERICANS (5) Colt Inds., Corporate Data Science, Sperry Corp., Texaco, USX. CANADIANS (6) Echo Bay, Golden Sceptre, Goliath Gold, Granges, Inland Nat. Gas Muscocho. BANKS (3) Banco Central, Deutsche-Bank, HK & Shanghai. BUILDINGS (3) Anglia Secure Homes, Monk (A), Tay Homes. CHEMICALS (2) Amersham Intnl, Cory (Horace). STORES (2) Dunhill, LCP. ELECTRICALS (3) Checkpoint Europe, Cray Electronics, Menvier-Swain. FOODS (1) England (J.E.). HOTELS (1) Midsummer Inns. INDUSTRIALS (13) BTR Nylex, Cannon St. Invs., Chien Light, Electrolux, Hewitt (J), Hutchison Whampoa, Jardine Hldgs, Low & Bonar, Mathesons 7¾pc, Oce 9pc Cv, '87-92, Peek Hldgs, Swire Pacific A, Wedgwood. LEISURE (4) Pineapple, TSW, TV-am, Thames TV. NEWSPAPERS (2) Intl Thomson, News Int. Spec. Div. PROPERTY (6) Egerton 7pc Cnv Prf, Gilbert House Invs, Hardanger Prop, Parkdale Grp, Shield Grp, Wandford Inv. TEXTILES (1) Leeds. TRUSTS (13) Bankers' Inv, GT Japan, Pacific Assets, Precious Metals, Robeco (Br), Do Sub Shs, Rolinco NV, Do Sub Shs, Rorento NV, TR Natural Resources, Triplevest Inc, Harvey & Thompson, Inv AB Beijer. OILS (4) BP, Chevron Corp, Monarch Pet, Royal Dutch. OVERSEAS TRADERS (2) Ocean Wilsons, Sime Darby. MINES (20).

NEW LOWS (14)

BANKS (1) Morgan Grenfell. STORES (1) Goodman Bros. ENGINEERING (2) Hall (Matthew), Ratcliffs (GB). FOODS (1) Batleys. INDUSTRIALS (4) Aberfoyle, Amari, Johnsen & Jorgenson, Young (H). LEISURE (1) Samuelson. PAPER (2) Barker (Charles), Monotype Corp. SHIPPING (1) Brit & Commonwealth. OILS (1) Silkolene.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Wednesday October 8 1986 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Tues Oct 7 Index No.	Mon Oct 6 Index No.	Fri Oct 3 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (211)	652.08	−0.3	9.41	3.91	13.49	13.91	653.84	650.91	643.79	528.61
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX ♦	1587.8	−4.5	1589.6	1581.6	1592.3	1578.9	1560.8	1573.1	1578.3	1308.1

FIXED INTEREST

PRICE INDICES	Wed Oct 8	Day's change %	Tues Oct 7	xd adj. today	xd adj. 1986 to date
British Government					
1 5 years	118.27	−0.07	118.36	—	9.43
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Wed Oct 8	Tues Oct 7	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]

♦Opening index 1589.5; 10 am 1581.6; 11 am 1582.8; Noon 1585.2; 1 pm 1587.2; 2 pm 1588.1; 3 pm 1589.6; 3.30 pm 1589.9; 4 pm 1586.9.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*310)	300	13	28	38	4½	12	15
	330	2	14	22	25	27	30
	360	1	4	11	53	55	60
B.P. (*690)	550	146	163	175	1	3	6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Midland Bk (*537)	500	50	67	77	7	12	17
	550	23	37	50	27	32	37
	600	6	15	27	70	70	72
P. & O. (*501)	460	30	67	—	3	7	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

October 8. Total Contracts 18,504. Calls 13,443. Puts 5,061.
*Underlying security price.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May. Vol.	May. Last	Stock
GOLD C	$360	10	82.50B	—	—	3	97	$439.75
GOLD C	$370	—	—	29	79	—	—	"
GOLD C	$400	33	45.90	—	—	—	—	"
GOLD C	$440	—	—	20	29	10	39	"
GOLD C	$460	—	—	19	20	—	—	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 23,516

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%
[illegible]	[illegible]	[illegible]	[illegible]

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLAND

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices October 8

[illegible]

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices October 8

[illegible]

Total Sales 0,000,000 shares

Indices

NEW YORK

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

NYSE-Consolidated 1500 Actives

[illegible]

TORONTO

TORONTO	Oct 8	Oct 7	Oct 6	Oct 3	1986 High	1986 Low
Metals & Minls	2,163.8	2,163.3	2,174.5	2,165.19	2,442.86 (21/3)	1,917.4 (5/8)
Composite	3,041.7	3,024.2	3,014.8	2,998.8	3,129.11 (18/4)	2,764.9 (17/2)
MONTREAL Portfolio	1,538.81	1,520.96	1,517.82	1,511.28	1,623.33 (18/4)	1,288.6 (22/1)

* Indicates pre-close figure

AUSTRALIA, AUSTRIA, BELGIUM, DENMARK, FRANCE, GERMANY, HOLLAND, HONG KONG, ITALY, JAPAN, NETHERLANDS, NORWAY, SINGAPORE, SOUTH AFRICA, SPAIN, SWEDEN, SWITZERLAND, WORLD

[illegible]

** Saturday October 4: Japan Nikkei 17,606.4. TSE 1,465.67.

Base values of all indices are 100 except Brussels SE—1,000. JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 37

[illegible]

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES			
Babock Intl	172 + 7	Johnston Group	303 + 5
Brixton Estate	169 + 9	LCA Hldgs	115 + 7
Cons Gold Fields	637 + 15	Menvier-Swain	165 + 12
Elders IXL	211 + 18	Metal Closures	143 + 7
Heath (C.E.)	471 + 22	Milford Docks	53 + 8
Ivanhoe Gold	55 + 5	Monk (A.)	154 + 35
		Morgan Crucible	310 + 47
Parkdale	92 + 16		
Pentland Inds	470 + 10		
Regalian Props	345 + 20		
Silvermines	113 + 10		
Stand. Chartered	740 + 41		
Wedgwood	588 + 145		

FALLS	
Co 9% 06	£93½ − £1⅛
Tr 2½ IL 20	£91½ − £ ½
Hawker Siddeley	433 − 10
Jaguar	536 − 5
Lucas Inds	483 − 10
MAI	357 − 8
Morgan Grenfell	373 − 7
Musterlin	159 − 8

EUROPE

Uncertainty on rates casts pall

Continued from Page 38

A sharp drop in VW shares following its big call for cash led much of the market lower. VW fell DM 13.50 to DM 470, Daimler DM 15 to DM 1,255 and BMW DM 10 to DM 615.

Banks also eased after their late gains on Tuesday, with Deutsche and Dresdner both down DM 3 to DM 799 and DM 412 respectively, and Commerzbank off DM 2.20 at DM 317.

Elsewhere, Siemens turned lower, losing DM 4.70 to DM 713.80, and chemicals saw BASF down DM 2.30 to DM 273, Hoechst off DM 2 at DM 263 and Bayer edging DM 0.70 down to DM 300.10.

The retail sector held up well, however, on expectations that consumer demand will remain strong in the fourth quarter. Karstadt rose DM 13 to DM 458 and Kaufhof was steady at DM 529.

Henkel, the chemicals group which announced a joint marketing agreement with a Japanese company, eased DM 1 to DM 451.

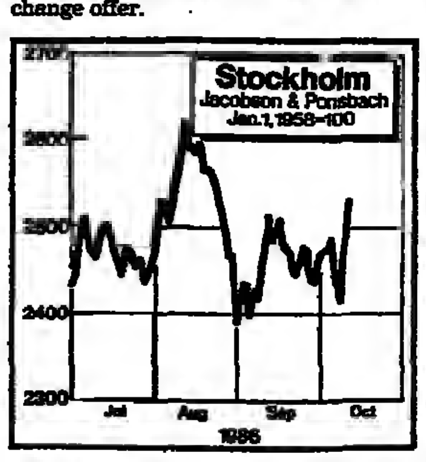
Bonds had a thin session, closing up to 30 pfg lower. The Bundesbank bought DM 57.3m worth of domestic paper after buying DM 12.6m on Tuesday.

Amsterdam ended mixed to slightly firmer as some buying interest emerged and Wall Street recovered from its opening losses. The new CBS all-share tendency index closed at 144.1 after starting at 143.3. The ANP-CBS general index was up 1.4 at 281.6.

Foreign interest boosted food and drink stocks on the belief that lower inflation in the Netherlands will encourage consumer spending in the sector. Ahold, the retailer, put on Fl 3.10 to Fl 100.6 and Heineken was Fl 2 higher at Fl 173.5. Leading internationals were all firmer.

Paris was narrowly mixed in quiet and featureless trading. Elf Aquitaine, which said its oil and gas exploration budget was likely to fall further in 1987, eased FFr 1.9 to FFr 325.

The highlight in an otherwise dull session was Schneider, which leapt FFr 74 to FFr 665, boosted by its share exchange offer.



Brussels was also mixed but tended lower in small turnover. Petrofina lost BFr 130 to BFr 9,350, but Vieille Montagne recouped some of Tuesday's BFr 290 drop, adding BFr 190 to BFr 5,700. Arms maker FN rose BFr 50 to BFr 2,050 after announcing a restructuring programme.

Stockholm again hit a new high in heavy trading, with the Veckans Affarer all-share index at 911.1 after 903.6 on Tuesday.

Shares in Pharmacia and LKB were suspended amid market rumours of a takeover bid by Pharmacia.

Among leading actives, Volvo rose SKr 11 to SKr 377.

Oslo moved up slightly after Tuesday's losses and Madrid was little changed on the day.

SOUTH AFRICA

GOLD SHARES were mixed, though with a slightly firmer bias, in Johannesburg as the bullion price drifted down through the $440 level.

Ofsil managed a R2.50 advance to R152 and Ventners were R2 higher at 43 but Loraine ended 75 cents easier at R29 after easing back from a R30.25 opening.

Elsewhere, De Beers was unchanged at R33, while Impala in the platinum sector was 25 cents lower at R51.50. Among mining financials, Gold Fields picked up 75 cents to R62.

CANADA

THE EMERGENCE of a strong banking sector enabled Toronto to shrug off the effects of a mixed opening, and move ahead in line with the trend on Wall Street.

Among actively traded stocks, Bank of Nova Scotia firmed C$⅜ to C$16⅛, while Royal Bank of Canada added C$¼ to C$34⅛ and Canadian Imperial Bank of Commerce improved C$⅜ to C$19⅝.

Continental Bank of Canada was unchanged at C$16⅛ but Bank of British Columbia shed 10 cents to C$3.20; on Tuesday the bank denied speculation that it was seeking to merge with a larger bank.

Campeau firmed C$⅛ to C$28⅞: Allied Stores rebuffed Campeau's takeover bid by agreeing to a US$3.5bn merger with Edward Debartolo.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28½	14¼	AAR s	.44	1.9	19	271	23⅞	23	23¾	+⅛
30	21¾	ADT	.92	3.7		154	24⅞	23¾	24⅞	+1⅛
33	11⅛	AFG s	.08i	.3	16	880	28⅜	27	28⅜	+1⅜
25⅜	13¾	AGS			13	11	18½	18¼	18¼	−⅛
60⅝	37⅝	AMR			15	6374	60¼	58⅛	59¾	+1½
27½	23¼	ANR pf	2.67	10.		7	26½	26	26	−½
16¾	10	ARX	.71t	6.8	10	163	10¾	10⅜	10⅜	−⅜
41½	28¾	ASA	2a	0.1		724	39½	38⅞	39½	+¼
18⅝	9¾	AVX			3.2	83	10¼	9⅞	9⅞	
32	23	AZP	2.72	9.5	0	1094	28⅝	28½	28¾	−⅛
55	28⅝	AbtLb s	.04	1.9	21	x4220	44¾	44¼	44½	−⅜
32	19¾	AccoWd	.56	2.1	17	125	26½	26½	26½	
14⅞	0	AcmeC	.40	4.9		24	10⅛	10⅛	10⅛	−⅛
9¼	6¼	AcmeE	.32b	4.9	14	0	6½	6½	6½	+⅛
22⅜	17	AdaEx	1.80e	9.6		67	20⅛	19⅞	19⅞	−¼
33⅜	17⅛	AdmMl	.40	1.7	10	14	23½	23⅛	23⅛	+½
20⅝	12⅛	AdvSyst	.45t	11.	11	555	13	12⅝	12⅞	+⅛
32⅞	12⅞	AMD				2512	13¾	13¼	13¾	+⅛
12⅝	5⅝	Adobe n				37	6½	6⅛	6½	+⅛
18⅝	13¾	Adob pf	1.84	12.		5	10	15	15	+⅛
20¼	15¼	Adob pf	2.40	13.		27	18	17¾	18	
18⅜	7⅝	Advest	.12a	.8	10	280	13	12¾	12⅞	−⅛
66¼	43¼	AetnLf	2.64	4.7	9	3458	56⅝	55⅞	56¾	+⅜
56½	51⅛	AetL pf	4.89e	9.0		1	52⅞	52⅞	52⅞	
28¾	9⅞	Ahmans	.48	2.1	7	2257	22⅜	21⅛	22¼	+¼
5¾	2⅝	Aileen			46	246	3¼	3	3¼	
41⅝	26½	AirPrd s	.80	2.3	63	432	24¾	33⅞	34⅜	+⅜
27¾	16	AirbFrt	.60	3.0	17	208	20½	20	20¼	+⅜
20⅜	20¼	Airlee n				839	50¼	[illegible]	20⅛	−⅛

Continued on Page 37

NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
3⅝	1⅞	Pirlow	.45e	23.		148	2⅛	1⅞	2	
72⅞	43¾	Pfizer	1.64	2.9	16	8200	60	56¾	57½	+⅛
32⅞	16	PhelpD			37	965	21½	20¼	21¼	+1⅛
63	46¾	Phelp pr	5	9.6		x111	52½	52½	52½	+½
24	14	PhilaEl	2.20	10.	6	4145	22	21¾	21⅞	
46	30¾	PhilE	pf4.30	9.7		z40	44½	44½	44½	−⅜
47	32½	PhilE	pf4.40	9.9		z100	44¼	44¼	44¼	−⅜
50¾	33	PhilE	pf4.68	9.7		z100	48¼	48¼	48¼	+¼
92½	63	PhilE	pf8.75	9.9		z1940	[illegible]	88¼	88	+1¾
13⅞	9⅝	PhilE	pf1.41	11.		88	13	12¾	12⅞	
13⅛	9½	PhilE	pf1.33	11.		20	12⅝	12⅝	12⅝	+⅜
12⅞	9⅛	PhilE	pf1.28	11.		83	12⅛	12	13	−⅛
130¼	117⅛	PhilE	pf17.13	14.		z230	126⅝	125	125	−2
124	105⅛	PhilE	pf15.25	13.		z150	115	115	115	
99	89	PhilE	pf9.50	10.		z5040	94⅝	93	94⅝	−⅜
83½	57½	PhilE	pf7.80	9.8		z420	79⅞	78	79⅝	+1⅞
80	55½	PhilE	pf7.75	10.		z40	75½	75⅛	75⅜	−½
18⅝	12⅝	PhilSb	s			30	17¼	16½	17	+½
78	36	PhilMr	s2.90	3.3	12	6278	70⅝	69⅝	70¼	+½
12	9⅞	Philpl	n .36	2.6	13	131	14⅛	13¾	14	+⅛
13½	8¼	PhilPet	.60	5.6	10	15949	11	10⅝	10⅝	+⅜
25½	19¾	PhlPt	pf2.61e	12.		1191	23⅛	22⅝	22⅝	−⅛
41⅝	25½	PhilVH	.40	1.0	16	424	40⅞	40	40⅝	+⅜
47	28⅞	PiedA	s .32	.7	13	2022	40	44½	45¾	+⅞
58½	49½	PiedA	pf			165	55	57⅞	30	
22¼	15⅝	PieNG	s1.20	5.6	15	30	21¼	21	21¼	

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
72¼	45¾	Xerox	3	9.0	10	5986	54⅛	52¼	53⅝	+1⅛
58¼	54	Xerox	pf5.45	9.7		272	56⅛	55⅞	56	+⅛
20⅝	20⅝	XTRA	.64	2.8		663	23⅝	23	23¼	−⅜
17⅞	13½	Yorkin	n			735	16¼	16⅛	16½	+⅛
38	27	ZaleCp	1.40	4.1		90	34⅝	34	34¼	+⅛
9½	5	Zapata	.03j			241	3⅛	5	5	
43⅞	21¼	Zayre	s .36	1.4	16	3205	22⅛	21⅝	22⅛	+⅜
17	9¾	Zemex	.40	3.2	13	41	12⅝	11¼	12¼	+1¼
29⅞	16¼	ZenithE				343	20⅝	20⅛	20⅝	+⅛
18¼	8	ZenLb	s		12	412	6⅛	5⅝	6⅝	−⅛
22⅝	12⅝	Zero	s .20	2.3	12	481	12⅞	d12⅛	12¾	
45¼	32⅝	Zurnin	1.32	3.7	13	104	36¼	35¼	30	+¼
10⅝	10	Zweig	n			1180	10⅝	12	10⅛	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 35

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Takeover talk fuels steady rise

SHRUGGING off negative influences such as a weak bond market, Wall Street stock markets pushed ahead to close at their highest levels since the sharp sell off in mid-September, *writes Roderick Oram in New York.*

Bond markets continued to be unsettled by the downward pressure on the dollar with most prices marked down in moderate trading.

Recovering from a minor setback after the opening, stock prices rose steadily helped by markedly higher stock index option prices.

The Dow Jones industrial average of blue chip shares closed up 19.40 points at 1,803.85. The New York Stock Exchange composite index rose 1.15 to 136.29 points. Trading rose to 142.6m shares from 125.1m on Tuesday with advancing issues outnumbering declining by 945 to 571.

"The market made a very good account of itself," said Mr Newton Zinder, technical analyst with E. F. Hutton. "It dodged a number of bullets," such as the lower bond market and the continuing fall of IBM's share price on signs of slower sales abroad. The computer groups share price fell another $⅝ yesterday to $127⅞.

The Dow Jones industrial average has overcome one resistance point, at 1,795, and is now challenging the next at 1,810. Once it passes that, it could sustain a small rally, he believes.

Among blue chips yesterday, American Express rose $1⅜ to $57⅞, Eastman Kodak improved $1⅛ to $56, International Paper was ahead $⅝ to $67⅞ and Procter and Gamble climbed $1⅜ to $70⅜.

Oil shares were generally ahead on news from Geneva that Opec members were likely to maintain their output quotas. Exxon was up $⅝ to $68⅝, Chevron rose $⅛ to $45⅛, Texaco gained $⅝ to $34⅞ and Mobil advanced $⅝ to $38⅝. The rise of $½ to $25⅝ in Amerada Hess, however, was due partly to speculation that founding family shareholders may want to sell.

Allied Stores, up $2 to $67 and the most active issue with 5.9m shares traded, accepted a bid of $67 a share from Mr Edward Debartolo, the leading US shopping mall developer, and partners, rejecting a $68 a share bid from Campeau.

Analysts believe some other major retailers are potential takeover targets. Mr Edward Weller, of E. F. Hutton, identified as likely candidates Federated Department Stores, up $4 to $91¼ yesterday, and Woolworth, which announced a change of chairman yesterday and rose $1⅛ to $41⅛.

USX, up $⅝ to $28, was the second most heavily traded share with 5.6m changing hands in the second day after Mr Carl Icahn bid $31 a share.

BankAmerica, the other big takeover target of the week, eased down $¼ to $14⅜ on brisk volume while First Interstate Bancorp, which is making an all-paper offer worth around $18 a share, rose $¼ to $53½.

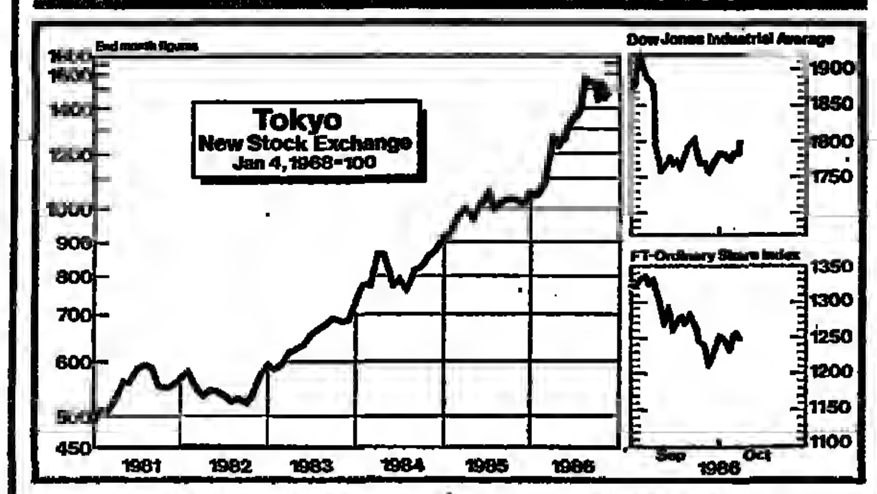
Gelco, the transportation fleet manager, was unchanged at $23⅝ after offering to buy back almost half its shares in an attempt to thwart a $22½ bid from Coniston Partners. Gelco's cash and paper offer is worth between $26 and $30 a share.

Credit markets fell sharply from the opening with Chicago bond futures off a point. An attempt to recover in early afternoon failed and the poor tone spilled over into the cash market. Prices fell across all maturities with the benchmark 7.25 per cent Treasury bond due 2016 falling ⅞ of a point to 95 11/16 yielding 7.61 per cent.

Tight supply of Treasury bills because of the federal Government's debt ceiling problems helped support the bills yesterday. Three-month bills were unchanged at 5.05 per cent, six-month bills eased two basis points lower also to 5.05 per cent and year bills rose one basis point to 5.26 per cent.

Reports on South African and Canadian markets are on Page 35

KEY MARKET MONITORS



STOCK MARKET INDICES

	Oct 8	Previous	Year ago
NEW YORK			
DJ Industrials	1,803.85	1,784.45	1,325.49
DJ Transport	828.13	818.13	640.80
DJ Utilities	198.81	199.27	153.57
S&P Composite	236.68	234.41	181.87
LONDON			
FT Ord	1,248.1	1,257.3	1,007.2
FT-SE 100	1,587.8	1,592.3	1,303.3
FT-A All-share	782.10	683.65	635.79
FT-A 500	858.37	861.52	696.63
FT Gold mines	333.5	329.4	290.2
FT-A Long gilt	10.49	10.37	10.20
TOKYO			
Nikkei	17,514.80	17,604.36	12,835.2
Tokyo SE	1,469.61	1,469.34	1,029.00
AUSTRALIA			
All Ord.	1,332.6	1,329.4	1,017.8
Metals & Mins.	716.9	716.0	529.2
AUSTRIA			
Credit Aktien	233.98	239.69	n/a
BELGIUM			
Belgian SE	3,852.24	3,872.00	2,522.77
CANADA			
Toronto			
Metals & Minls	2,163.9	2,163.3	1,846
Composite	3,041.7	3,024.2	2,620.8
Montreal			
Portfolio	1,538.01	1,520.94	127.22
DENMARK			
SE	192.38	191.68	226.50
FRANCE			
CAC Gen	387.00	387.2	205.4
Ind. Tendance	151.00	151.30	74.8
WEST GERMANY			
FAZ-Aktien	676.95	674.51	544.92
Commerzbank	2,025.00	2,019.30	1,602.9
HONG KONG			
Hang Seng	2,204.41	2,162.76	1,606.53
ITALY			
Banca Comm.	739.45	739.49	413.33
NETHERLANDS			
ANP-CBS Gen	281.60	280.20	208.8
ANP-CBS Ind	281.70	280.00	183.5
NORWAY			
Oslo SE	370.68	370.18	376.46
SINGAPORE			
Straits Times	845.24	821.78	760.72
SOUTH AFRICA		Prev	Year Ago
JSE Golds	—	2,020.0	1,047.4
JSE Industrials	—	1,384.0	974.1
SPAIN			
Madrid SE	200.79	200.38	85.54
SWEDEN			
J & P	2,536.55	2,415.95	1,374.21
SWITZERLAND			
Swiss Bank Ind	563.00	557.10	480.6
WORLD	Oct 7		
MS Capital Int'l	344.2	342.7	223.1

COMMODITIES

(London)	Oct 8	Prev
Silver (spot fixing)	398.50p	398.35p
Copper (cash)	£950.5	£947.5
Coffee (Nov)	£2,340.00	£2,370.00
Oil (Brent blend)	$14.25	$14.25

GOLD (per ounce)

	Oct 8	Prev
London	$439.375	$437.50
Zürich	$439.375	$437.50
Paris (fixing)	$436.18	$434.66
Luxembourg	$439.50	$441.75
New York (Dec)	$442.40*	$444.80

CURRENCIES

	US DOLLAR		STERLING	
(London)	Oct 8	Previous	Oct 8	Previous
$	–	–	1.4200	1.4325
DM	1.9970	2.0005	2.835	10.7975
Yen	154.25	154.10	219	220.75
FFr	6.5345	6.55	9.28	9.3825
SFr	1.6270	1.6290	2.31	2.3325
Guilder	2.5565	2.2600	3.2025	3.2375
Lira	1,382.0	1,382.25	1,962.5	1.981
BFr	41.45	41.45	58.85	59.40
C$	1.3965	1.3965	1.9685	1.9860

INTEREST RATES

	Oct 8	Prev
Euro-currencies (3-month offered rate)		
£	10 13/16	10 13/16
SFr	4	4
DM	4 7/16	4 7/16
FFr	8⅝	8⅝
FT London Interbank fixing (offered rate)		
3-month US$	5⅞	5⅞
6-month US$	5⅞	5⅞
US Fed Funds	5¼*	5½
US 3-month CDs	5.50*	5.50
US 3-month T-bills	5.04*	5.07

US BONDS

Treasury

		October 8 Price	Yield	Prev Price	Yield
6⅞	1988	100 19/32	6.084	100 19/32	6.136
7¼	1993	101 1/32	7.049	100	7.073
7⅜	1996	100 29/32	7.273	100 29/32	7.282
7¼	2016	96 7/32	7.568	96 15/32	7.563

Source: Harris Trust Savings Bank

Treasury index

Maturity (years)	Return index	Oct 8 Day's change	Yield	Day's change
1–30	156.76	–0.37	7.00	+.04
1–10	149.98	–0.17	6.65	+.04
1– 3	140.75	–0.03	6.18	+.02
3– 5	152.71	–0.15	6.82	+.04
15–30	181.19	–1.04	8.17	+.06

Source: Merrill Lynch

Corporate	October 8 Price	Yield	Prev Price	Yield
AT & T				
3⅞ July 1990	91⅞	6.448	91⅞	8.444
SCBT South Central				
10⅞ Jan 1993	107¼	9.352	107¼	9.353
Phibro-Sal				
8 April 1996	99	8.153	99	8.153
TRW				
8⅞ March 1996	102	8.434	102	8.435
Arco				
9⅞ March 2016	106	9.275	106	9.275
General Motors				
8⅜ April 2016	90	9.107	90	9.107
Citicorp				
9⅜ March 2016	97¼	9.604	97¼	9.604

Source: Salomon Brothers
Yield calculated on a semi-annual basis

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	96-31	97-07	96-04	96-22
US Treasury Bills (IMM) $1m points of 100%				
Dec	95.08	95.12	95.04	95-06
Certificates of Deposit (IMM) $1m points of 100%				
Dec	n/a	n/a	n/a	n/a
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	94.24	94.25	94.20	94.22
20-year Notional Gilt £50,000 32nds of 100%				
Dec	110–25	101–4	91–6	110–25

* *Latest available figures*

AUSTRALIA

Foreigners spur record setting run

CONTINUED foreign institutional interest in mining and resources stocks helped push Australian share prices to a record high yesterday for the fifth consecutive trading day, *writes Chris Sherwell in Sydney.*

The All-Ordinaries index, covering 280 companies across all sectors, finished up 3.3 at 1,332.6 after Tuesday's 18.6 point advance.

This represents a rise of 328.9 points since the end of 1985, and no less than 209.5 points since the end of July.

The most powerful force driving the market has been interest in gold stocks as the bullion price, especially in Australian dollar terms, stayed firm.

Behind this interest lies optimism that international sanctions against South Africa, the western world's largest gold and platinum producer, will help Australian mining companies. Nervousness about worldwide currency instability has also helped the bullion price.

The gold index added a further 14.8 to Tuesday's hefty 100 point advance to stand at 1,709.4, far outstripping rises among industrial stocks. At the end of July, the gold index languished below 1,000.

The Australian share market has been on a broadly rising trend since 1982 – a trend which has continued over the past 18 months despite gloomy figures about the Australian economy.

These figures have shown a ballooning current account deficit, a large Government budget deficit, a depreciating currency and high unemployment, inflation and interest rates.

Government action to combat these woes has had mixed success in soothing international markets.

Latterly, however, the swing of sentiment in favour of gold, spilling over into gold mining shares and other resource stocks, has driven Australian share prices still higher even as other markets have come off the boil.

Many analysts expect the trend to continue as inflows of foreign money buttress the Australian dollar and instill further confidence abroad. The currency has shown a firming trend in recent days in relation to the US dollar.

SINGAPORE

NEWS that the economy was expanding proved a welcome stimulus to Singapore, which cast off its recent nervousness and rose sharply across a broad front.

The Straits Times industrial index rose 23.46 to 845.24, only 8 points short of the September 1 high of 853.18. Turnover nearly doubled to 27.6m shares from 13.9m on Tuesday.

Institutions and individuals took part in the buying spree, which was also helped by short-covering and by some block purchases of blue chip financial stocks. Late profit-taking, however, pared gains slightly.

Banks were especially in demand, with DBS climbing 25 cents to S$8.85 on 1.9m shares traded, and UOB rising 14 cents to S$4.42 on 2.4m shares.

SIA was the biggest blue chip gainer, jumping 35 cents to S$8.20. Haw Par rose 17 cents to S$3.12, Malayan Banking 18 cents to S$3.84 and Fraser and Neave 25 cents to S$8.75.

LONDON

FURTHER consideration of this week's UK money supply statistics, together with a sharply sliding pound, unsettled London.

Concern over the outlook for interest rates also depressed the gilt edged market and checked an attempt by equities to rally from early weakness. The FT Ordinary index ended 9.2 lower at 1,248.1.

Longer dated gilts saw losses of ¾ to ⅞, while near dates were also lower.

Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32-33

EUROPE

Uncertainty on rates casts pall

UNCERTAINTY over interest and exchange rates again cast a pall over most leading European bourses, which drifted in thin trading yesterday. Zurich and Milan stood out as the bright spots, with shares traded actively in both.

Zurich moved higher for the second day running, boosted by a steady dollar and hopes of further falls in short-term interest rates.

The biggest blue chip gains included insurer Winterthur bearer, which climbed SFr 100 to SFr 8,975. Among chemicals, Sandoz participation certificates put on SFr 60 to SFr 1,850, and Hoffmann-La Roche, SFr 325 to SFr 11,725. Most banking issues were slightly firmer.

Bond prices were also boosted by the easier trend of short-term interest rates, closing slightly higher on increased turnover.

Milan was once again dominated by Montedison whose shares rallied L115 to L3,720 at the close on strong demand. In after hours trading, the share price moved even higher to L3,940.

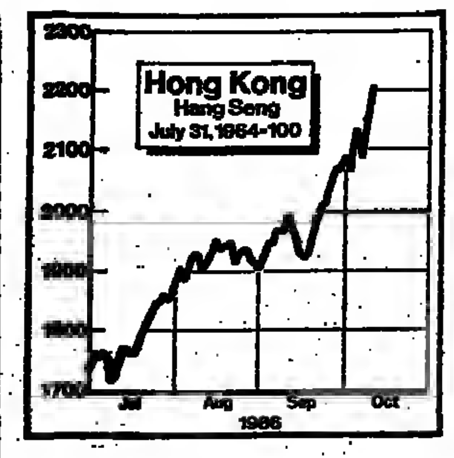
The chemicals group said the buying seemed to suggest that its current rights issue was going well, but in the market speculation continued about a struggle for control of Montedison. Stockbrokers estimated that about 50m shares changed hands.

Other gains were made by Mediobanca, whose director Enrico Cuccia has strongly criticised Montedison's management. Its shares rose L1,750 to L251,900. Fiat edged up L20 to L14,500. Olivetti, among losers, was down L140 at L15,860.

Frankfurt turned lower again after Tuesday's slight rally as light selling took over from some early buying interest in very thin trading. The Commerzbank index rose 5.7 points to 2,025.0, but did not reflect the easier trend in the second half.

Although the dollar remained steady during the session, analysts said investors found nothing new to give them direction.

Continued on Page 35



HONG KONG

SHARE PRICES on Hong Kong's new unified stock exchange advanced to record levels yesterday, with strong institutional investment, much of it from London, accounting for an unprecedented turnover of HK$1.72bn, *writes David Dodwell in Hong Kong.*

Fuelling the rally has been a giddying flurry of corporate deals over the past two weeks. These include the announcement by Cable and Wireless of the UK that it plans to seek a listing in Hong Kong, and the sale by Hongkong Land of properties worth HK$1.4bn to Mr Alan Bond, the Australian entrepreneur.

Other important stimulants have been the HK$1.03bn sale by Cheung Kong of the Hongkong Hilton to Hongkong Electric, both companies controlled by Mr Li Kashing, and rationalisation of Sir Yue-Kong Pao's Wharf Holdings group.

The Hang Seng index rose 41.65 points on the day, to end at 2,204.61. The index has risen by about 100 points in both of the past two weeks and stands 15 per cent above the level of a month ago. It compares with a low point of 760 points in July 1984, when gloom over Hong Kong's political future was at its deepest.

The rise coincides with the official opening this week of Hong Kong's new unified exchange and has been seen by the territory's superstitious Chinese stockbroking community as an auspicious sign for the future.

A stock market turnover of HK$1.7bn would have been almost inconceivable without the aid of the new exchange's wholly computerised share trading system. A normal daily turnover would be less than HK$400m, and even during the past two weeks, daily trade volume has rarely passed HK$1bn.

Strongest performers have inevitably been those companies most closely linked with the corporate moves.

TOKYO

Institutions remain hesitant

INSTITUTIONAL investors remained hesitant in Tokyo yesterday, with light selling sending share prices down on a broad front, *writes Shigeo Nishiwaki of Jiji Press.*

Blue-chip electricals, large-capital stocks and domestic demand-related issues lost ground in apathetic trading. Only a few electric power firms and blue chips continued firm.

The Nikkei market average added 78 points in the morning, but closed a net 89.56 lower at 17,514 under selling pressure. Volume totalled 357.25m shares, barely changed from Tuesday's 366.64m. Losses outpaced gains 452 to 346, with 140 issues unchanged.

The increasingly powerful institutional investors disappeared amid uncertainty over official discount rate cuts in Japan and West Germany, as well as the outlook for crude oil prices. Individuals were unenthusiastic, as they have incurred losses on purchases made in late last month in anticipation of a surge this month.

Daiwa Investment and Trust Management, which set up a Y100bn stock investment trust, bought Y10bn worth of shares in about 50 electric power and blue chip issues. The purchase failed to pep a dull market.

Electric powers planning to enter the telecommunications market were popular, with investors comparing them to Nippon Telegraph and Telephone, which is expected to fetch a high price when listed on the Tokyo Exchange next February. Tokyo Electric Power and Kansai Electric Power spurted Y120 to Y7,800 and Y260 to Y3,700, respectively. Tohoku Electric Power rose Y230 to Y3,480 as leading security houses vie for the lead management of a convertible bond issue for the company.

Medium-capital blue chips also firmed, with Toto gaining Y50 to Y1,980.

Trading was also inactive on the bond market. The yield on the bellwether 6.2 per cent government bond maturing in July 1995 dipped to 4.735 per cent in the morning, but finished unchanged from the previous day at 4.740 per cent.